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No. _____

In The

Supreme Court of the United States

October Term, 1992

HANK WILLIAMS, JR., ACUFF-ROSE-OPRYLAND MUSIC, INC., MILENE-OPRYLAND MUSIC, INC., WESLEY H. ROSE and ROY ACUFF, Individually and as Trustees in Liquidation for Stockholders of Fred Rose Music, Inc. and Milene Music, Inc., FRED ROSE MUSIC, INC., and MILENE MUSIC, INC.,

Petitioners,

vs.

CATHY YVONNE STONE,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Second Circuit

PETITION FOR WRIT OF CERTIORARI

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I. QUESTIONS PRESENTED

1. WHETHER THE PETITIONERS HAVE BEEN DENIED DUE PROCESS OF LAW BECAUSE THE COURT OF APPEALS IMPROPERLY GAVE FULL FAITH AND CREDIT TO A CONSTITUTIONALLY INFIRM JUDGMENT OF THE ALABAMA SUPREME COURT AND FAILED TO CONDUCT AN INDEPENDENT INQUIRY INTO THE ADEQUACY OF THE ALABAMA JUDGMENT.

2. WHETHER THE COPYRIGHT ACT THREE-YEAR STATUTE OF LIMITATIONS, 17 U.S.C. SECTION 507(b), OPERATES AS A BAR TO RESPONDENT'S UNTIMELY CLAIM OF OWNERSHIP IN A SHARE OF COPYRIGHT RENEWALS.

3(A). WHETHER THE UNIFORM FEDERAL DEFINITION OF "CHILDREN" ADOPTED BY CONGRESS AS SECTION 101 OF THE 1976 COPYRIGHT ACT APPLIES TO COPYRIGHT RENEWALS UNDER THAT ACT.

3(B). WHETHER, IN LIGHT OF THE POLICY OF FEDERAL COPYRIGHT LAW TO PROVIDE SUPPORT FOR AN AUTHOR AND THE AUTHOR'S DEPENDENTS, BIOLOGICAL OFFSPRING OF THE AUTHOR WHO ARE ADOPTED BY PERSONS OTHER THAN THE AUTHOR ("ADOPTED OUT") ARE "CHILDREN" AS DEFINED BY SECTION 101 OF THE 1976 COPYRIGHT ACT.

II. PARTIES TO THE PROCEEDINGS

The parties to the proceedings as they appeared below are set forth in the caption hereof. However, since the commencement of this action Wesley Rose and Roy Acuff have passed away, and certain of the Petitioners have undergone corporate changes set forth below. In accordance with Supreme Court Rule 29.1, the parent companies, subsidiaries (except wholly-owned subsidiaries) and affiliates of the corporate Petitioners were listed in Petitioner's Application for Extension of Time, No. A-453, to which this Court is respectfully referred.

Subsequent to the filing of this action, Petitioner Acuff-Rose-Opryland Music, Inc. changed its name to Acuff-Rose Music, Inc. and Petitioner Milene-Opryland Music, Inc. changed its name to Milene Music, Inc. Petitioners Fred Rose Music, Inc. and Milene Music, Inc. have been dissolved and their assets distributed to the respective Estates of Wesley H. Rose and Roy Acuff.

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HANK WILLIAMS, JR., ACUFF-ROSE-OPRYLAND MUSIC, INC., MILENE-OPRYLAND MUSIC, INC., WESLEY H. ROSE and ROY ACUFF, Individually and as Trustees in Liquidation for Stockholders of Fred Rose Music, Inc. and Milene Music, Inc., FRED ROSE MUSIC, INC., and MILENE MUSIC, INC.,

Petitioners,

vs.

CATHY YVONNE STONE,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Second Circuit

PETITION FOR WRIT OF CERTIORARI

Petitioners respectfully petition this court to issue a writ of certiorari to review the judgment of the United States Court of Appeals for the Second Circuit, contained in its opinion decided July 13, 1992, in the matter of *Cathy Yvonne Stone v. Hank Williams, Jr., et al,* No. 91-7706.

IV. JUDGMENTS BELOW

The judgment and opinion in the matter of *Cathy Yvonne Stone v. Hank Williams, Jr., et al.,* Docket No. 91-7706, was entered by the United States Court of

Appeals for the Second Circuit on July 13, 1992, and is reported at 970 F.2d 1043 (2d Cir. 1992). A copy of the judgment and opinion is attached hereto as Appendix A-1. (The Appendix shall be referred to as "App."). The opinion and order of the United States District Court dated June 12, 1991, which was reversed by the above, is attached hereto as App. B-1.

V. JURISDICTION

Petitioners seek review of the opinion of the United States Court of Appeals for the Second Circuit entered on July 13, 1992, in the case of *Cathy Yvonne Stone v. Hank Williams, Jr., et al.*, Docket No. 91-7706. An order denying Petitioners' Motion for Rehearing and Suggestion for Rehearing In Banc was entered by the Second Circuit on September 18, 1992. (App. A-2). By order dated December 4, 1992, this Court granted an extension of time within which to file this Petition for Writ of Certiorari to and including January 31, 1993. (App. F-1) Jurisdiction to review the judgment of the United States Court of Appeals for the Second Circuit, dated July 13, 1992, by writ of certiorari is conferred upon this Court by 28 U.S.C. § 1254(1).

VI. CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

U.S. Const. Art. IV, Section 1

> "**Full faith and credit to records and judicial proceedings of states.** – Full faith and credit shall be given in each state to the public acts, records, and judicial proceedings of every other state. And the congress may by general laws prescribe the manner in which such acts, records and proceedings shall be proved, and the effect thereof."

17 U.S.C. Section 101

" . . . A person's 'children' are that person's immediate offspring, whether legitimate or not, and any children legally adopted by that person . . . "

17 U.S.C. Section 304(a)

"**(a) Copyrights in Their First Term on January 1, 1978.** – Any copyright, the first term of which is subsisting on January 1, 1978, shall endure for twenty-eight years from the date it was originally secured: *Provided* . . . That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedia or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his or her next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of forty-seven years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration of the original term of copyright[.] . . . "

17 U.S.C. Section 507(b)

"**(b) Civil Actions.** – No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued."

28 U.S.C. Section 1738

"[J]udicial proceedings of any court of any . . . State . . . shall have the same full faith and credit in every court within the United States . . . as they have by law or usage in the courts of [the] State . . . from which they are taken."

VII. STATEMENT OF THE CASE

A. STATEMENT OF MATERIAL FACTS

This is an action for declaratory judgment and ancillary relief with respect to Respondent's alleged entitlement to an interest in the renewal term of copyright in musical compositions written by Hiriam "Hank" Williams ("Williams, Sr."). Respondent bases her entitlement upon her alleged status as the illegitimate daughter of Williams, Sr. who died on January 1, 1953, five days before Respondent's birth. (App. at E-1.2 and 1.3).

Williams, Sr. composed more than one hundred (100) musical compositions (the "Works") prior to his death. Williams, Sr. assigned the Works and the copyrights therein to Acuff-Rose Publications, the predecessor to Petitioners Acuff-Rose-Opryland Music, Inc. and Milene-Opryland Music, Inc. (the "Opryland Petitioners"), Estate of Wesley H. Rose, Estate of Roy Acuff, Fred Rose Music, Inc. and Milene Music, Inc. (the "Acufff-Rose Petitioners"). (App. at E-1.3). Petitioner Fred Rose Music, Inc. acquired the interest of Williams, Sr.'s then minor child, Petitioner Randall Hank Williams, Jr. ("Williams, Jr."), in the renewal term rights in the Works. Billie Jean Williams Berlin ("Berlin") is the widow of Williams, Sr. Aberbach Enterprises, Ltd. ("Aberbach") is the assignee of Berlin's interest in the renewal term rights in the Works. (App. at E-1.3). The renewal term of copyright in the Works has been duly obtained by the Acuff-Rose Petitioners and Aberbach as the assignees of Williams, Jr. and Berlin.

Respondent was born on January 6, 1953, in Montgomery, Alabama, to Bobbie W. Jett, an unmarried woman. (App. at E-1.5). Respondent was first adopted in Montgomery by Williams, Sr.'s mother, Mrs. Lillian Stone and her husband, and following Mrs. Stone's death in 1955, was subsequently adopted and raised by George and Mary Louise Deupree in Mobile, Alabama. (App. at E-1.5).

In 1967, proceedings were commenced in the Circuit Court of Montgomery County in the Williams, Jr. guardianship matter challenging a 1963 transfer of renewal term

rights to certain of the Petitioners ("1967-68 proceedings"). Respondent's existence was disclosed to the court. The issue of any legal rights which she might have as a possible heir of Williams, Sr.'s estate and to the renewal term of copyright in the Works was litigated by her guardian ad litem. (App. K-1 and L-1).

After lengthy evidentiary proceedings, the trial court found that (1) Respondent had no right of inheritance from Williams, Sr. under copyright law, (2) Respondent was not an heir of Williams, Sr. and (3) Williams, Jr. was the sole heir. (App. at L-1.5 and K-1.3).

On Respondent's twenty-first birthday in January 1974, Mrs. Deupree informed her that Williams, Sr. could be her biological father, and that as an adopted child she was entitled to certain funds from the Estate of Lillian Stone. (App. at E-1.7). Respondent next sought information about Williams, Sr., and read a book on his life which included references to the 1967-68 proceedings, and to an illegitimate child, allegedly fathered by Williams, Sr. Respondent believed that she might be that child. (App. at E-1.8). Despite this, Respondent made no effort to prove or investigate her paternity until years later. (App. at E-1.8).

In 1979, Respondent contacted the Alabama Department of Pensions and Security regarding her biological mother. Respondent told the Department (1) that she knew of her identity, (2) that she had read newspaper clippings that mentioned her in connection with Williams, Sr. and the 1967-68 proceedings and, significantly, (3) that she did not want anyone ever to link her with Williams, Sr. In December 1980, Respondent's adoptive father gave her additional information relative to her biological parentage. (App. at D-1.6 and E-1.9).

B. STATEMENT OF THE PROCEEDINGS

Respondent filed this action with the United States District Court for the Southern District of New York on September 12, 1985. The Third Amended Complaint alleges two (2) claims for relief. (App. H-1). The first claim against all Petitioners avers that Respondent is the natural daughter of Williams, Sr. and, as such, is the owner of not less than an undivided one-third (1/3) interest in the renewal term rights in the Works. Respondent also seeks an accounting and other relief. (App. at H-1.19-1.21). Respondent's second claim alleges a conspiracy to defraud Respondent and a breach of fiduciary duty against the Acuff-Rose Petitioners only, seeking compensatory and exemplary damages. Petitioner Williams, Jr. and Aberbach were not named as parties to the second claim. (App. at H-1.21-1.22).

After exhaustive discovery, the Petitioners submitted a joint Motion for Summary Judgment based on various grounds. For purposes of such motion only, it was assumed *arguendo* that Respondent was the biological child of Williams, Sr. Respondent also moved for partial summary judgment on her claim that she is Williams, Sr.'s natural daughter and thereby entitled to an undivided one-third interest in all renewal rights in the Works.

The District Court granted the Petitioners' joint Motion for Summary Judgment and dismissed the Third Amended Complaint in its entirety, based upon the doctrine of laches, holding that Respondent had unreasonably delayed in asserting her claims and that Petitioners had been materially prejudiced thereby. (App. at E-1.16-1.18).

Respondent appealed the District Court's decision to the United States Court of Appeals for the Second Circuit. Pursuant to an opinion dated April 21, 1989, the Second Circuit affirmed. (App. at D-1). Respondent's Petition for Rehearing was denied. (App. G-2 and G-3). Respondent subsequently filed a Motion for Recall of Mandate and

Order Granting Leave to File Petition for Rehearing and Rehearing in Banc dated July 31, 1989. (App. G-4). The Motion for Recall was granted by the Second Circuit on August 24, 1989 (App. G-5), and Respondent submitted her second Petition for Rehearing on September 7, 1989. (App. G-6).

On December 5, 1989, based upon intervening decisions of the Alabama Supreme Court, discussed below, the Second Circuit granted Respondent's request for a rehearing; conducted the same without notice to, or oral argument by, Petitioners; vacated its earlier affirming decision; reversed the District Court's dismissal of Respondent's complaint and remanded this action to the District Court for further proceedings. (App. C-1). Petitioners filed a Petition for Writ of Certiorari in April 1990, which was denied by this Court on June 18, 1990.

Petitioners again submitted a joint Motion for Summary Judgment in the District Court based on various grounds, still assuming, for argument only, Respondent to be the biological child of Williams, Sr. The District Court granted the motion on June 12, 1991, based on the three-year statute of limitations of the Copyright Act. The District Court found that Respondent's claims accrued at least as early as October 17, 1979. (App. B-1.20).

Respondent appealed the District Court's decision to the United States Court of Appeals for the Second Circuit. Pursuant to an opinion dated July 13, 1992, the same panel of the Second Circuit, after denying oral argument, reversed and remanded. (App. A-1). Petitioners' Motion for Rehearing was denied by the Second Circuit on September 18, 1992. (App. A-2). On December 4, 1992, this Court granted Petitioners an extension of time to file this Petition through January 31, 1993. (App. F-1).

C. STATEMENT OF RELATED PROCEEDINGS

Petitioners Williams, Jr., Acuff and Rose ("Alabama Petitioners") and Respondent are also parties to a related

estate proceeding in the state courts of Alabama[1] that has resulted in decisions by the Supreme Court of Alabama in *Stone v. Gulf American Fire and Casualty Co., et al.*, Case No. 87-269, dated July 5, 1989, and "On Application for Rehearing," dated November 9, 1989, (the "Alabama Decisions"). (App. I-1 and I-2). Although the Alabama Decisions should be irrelevant to this action regarding an entitlement to an interest in renewal copyrights,[2] these decisions are so interrelated with the actions of the Second Circuit that analysis of their decisions will be aided by a succinct statement of the Alabama proceedings.

The Alabama Decisions arose from an action instituted (in response to Respondent's demand letter dated August 5, 1985) by Alabama Petitioners against Respondent regarding her entitlement to share in the assets and proceeds of the estate of Williams, Sr. (App. at J-1.2). Respondent counterclaimed for a determination of her status as a child of Williams, Sr. (App. at J-1.3) and filed a third party indemnity action against the administrators of the Williams, Sr. estate, the attorneys for the estate and the insurance company which issued the administrators' bonds. (App. at J-1.3).

The Alabama Petitioners moved for summary judgment on the initial action and Respondent's counterclaim. The third party defendants also moved for summary judgment on the indemnity action. The trial court granted all motions for summary judgment but held that, although not entitled to share in the estate, Respondent was the illegitimate daughter of Williams, Sr. (App. at J-1.20 and J-2.3).

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[1] Neither the Opryland Petitioners nor Aberbach were or are parties to such action.

[2] Since both Williams, Jr. and Berlin are still living, the renewal copyrights of Williams, Sr. never became an asset of the Estate of Williams, Sr. or subject to the jurisdiction of the Alabama courts. *See Frederick Music Co. v. Sickler*, 708 F. Supp. 587 (S.D.N.Y. 1989).

Respondent did not appeal the granting of summary judgment on the initial action or her counterclaim, the only actions to which any Petitioners herein were parties, and such judgments became final. Respondent elected to appeal *only* the granting of summary judgment on her third party indemnity action. It is the appeal on that action, in which none of the Petitioners was a party, that gave rise to the Alabama Decisions.

Despite the uncontroverted fact that none of the Petitioners was a party to the third party action or privy with any party thereto, the Alabama Decisions have effectively deprived Petitioners of vested property rights, including deprivation of ongoing renewal term copyright royalties. (App. at I-1.55). Petitioner Williams, Jr. submitted, on or about March 30, 1990, a Petition for Writ of Certiorari to this Court with respect to the Alabama Decisions, which this Court denied.

VIII. REASONS FOR GRANTING THE WRIT

A. THE PETITIONERS HAVE BEEN DENIED DUE PROCESS OF LAW BECAUSE THE COURT OF APPEALS IMPROPERLY GAVE FULL FAITH AND CREDIT TO A CONSTITUTIONALLY INFIRM JUDGMENT OF THE ALABAMA SUPREME COURT AND FAILED TO CONDUCT AN INDEPENDENT INQUIRY INTO THE ADEQUACY OF THE ALABAMA JUDGMENT.

1. The Alabama Supreme Court Judgment Does Not Bind Petitioners Because Petitioners Were Not Parties to the Proceedings.

The Second Circuit Court of Appeals improperly gave full faith and credit to the judgment of the Alabama Supreme Court because Petitioners were not parties to that judgment. Both state and federal courts are required to give "full faith and credit . . . to the . . . judicial proceedings of every other state." U.S. Const. Art. IV, Section 1;

28 U.S.C. Section 1738. Full faith and credit is not given, however, to constitutionally infirm judgments. *Kremer v. Chemical Constr. Corp.*, 456 U.S. 461, 452 (1982); *see also Old Wayne Mut. Life Ass'n v. McDonough*, 204 U.S. 8, 15 (1907) ("judicial proceedings . . . wanting in the due process of law" not entitled to full faith and credit). Any other rule would be unacceptable, since it would require the enforcement of judgments where the state court "failed to follow the procedural requirements of the Due Process Clause." *Underwriters Nat'l Assur. Co. v. North Carolina Life & Accidental & Health Ins. Guar. Ass'n*, 455 U.S. 691, 719 (1982) (White, J., concurring); *see also Adams v. Saenger*, 303 U.S. 59, 63 (1938). One of the most elementary and longstanding due process requirements is that "a person cannot be deprived of his legal rights in a proceeding to which he is not a party." *Martin v. Wilks*, 490 U.S. 755, 759 (1989); *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 110 (1969); *Hansberry v. Lee*, 311 U.S. 32, 40 (1940); *Pennoyer v. Neff*, 95 U.S. 714, 732-33 (1877). "A judgment entered in such circumstances is not entitled to the full faith and credit which the Constitution and statutes of the United States prescribe." *Hansberry*, 311 U.S. at 40.

Petitioner Williams, Jr. sought leave to appear to present his claims and defenses, but the Alabama Supreme Court refused to allow him to appear and argue his case. (App. at I-2.12). Instead, the court pronounced that it had "jurisdiction" over the matter. *See* App. I-2. This is precisely the type of "proceeding deemed an illegitimate assumption of power, and resisted as mere abuse." *D'Arcy v. Ketchum*, 52 U.S. (11 How.) 165, 174 (1850); *Hansberry*, 311 U.S. at 40-41.

The Opryland Petitioners were not parties to any phase of the Alabama proceedings and were not parties to the Alabama Supreme Court proceeding that adversely affected Petitioners' property rights by adjudicating the

issue of heirship. The Alabama Supreme Court adjudicated numerous important issues of federal and state law in resolving the question of heirship. No notice was given to Williams, Jr. that his property interests were at risk, and he was never given the opportunity to be heard. Only *after* the Alabama Supreme Court remanded the case to the trial court was Williams, Jr. made a party to that case.

The Court of Appeals agreed that Petitioners were not parties to the Alabama proceeding, but nonetheless held that Petitioners were bound as non-parties for several reasons. The Court of Appeals held that Williams, Jr. was bound because the Alabama Supreme Court found that his views and arguments were adequately considered and presented. *See* App. A-1.29-1.32. The court of Appeals held that the remaining Petitioners were bound because they were in privity with Williams, Jr. *See* App. A-1.33-1.37.

These holdings are inconsistent with this Court's decisions. This Court has recognized limited exceptions to the "party to the proceeding" rule. None of these recognized exceptions apply in this case.

First, Petitioners did not effectively control or participate in the proceeding before the Alabama Supreme Court. This Court has held that a non-party can be bound if he or she effectively controlled or participated in the proceeding, and thus had an opportunity to be heard on all claims and defenses. *See, e.g., Martin*, 490 U.S. at 762 n.2; *Montana v. United States*, 440 U.S. 147, 154 (1979); *Zenith Radio Corp.*, 395 U.S. at 110-111; *Souffront v. La Compagnie Des Sucreries*, 217 U.S. 475, 485, 487 (1910). This exception is applied sparingly. For example, in *Zenith Radio Corp. v. Hazeltine Research Inc.*, 395 U.S. 100 (1969), this Court, reversing the trial court, refused to bind a parent corporation to a judgment against the parent's subsidiary, despite the fact that employees of the parent

had been witnesses, lawyers of the parent had been present at trial, and the subsidiary had stipulated that the acts of the parent were to be attributed to the subsidiary. The Court concluded that the parent's involvement did not amount to "control [of] the litigation" which would be a basis for a biding judgment. *Id.* at 111.

Lower federal and state courts following these precedents have consistently ruled that only upon a clear showing of participation and control can non-parties be bound. *See, e.g., Liedel v. Juvenile Court*, 891 F.2d 1542, 1544 (11th Cir. 1990) (person testified, and fully briefed and argued issues in state courts and made a party before entry of judgment); *Ponderosa Dev. Corp. v. Bjordahl*, 787 F.2d 533, 536-37 (10th Cir. 1986) (witness in first case represented by same counsel not bound); *Freeman v. Lester Coggins Trucking, Inc.*, 771 F.2d 860, 864-65 (5th Cir. 1985) (family members related to plaintiff in first case and represented by same counsel not bound); *Bryson v. Guarantee Reserve Life Ins. Co.*, 520 F.2d 563, 567 (8th Cir. 1975) (witness to proceeding not bound); *TRW, Inc. v. Ellipse Corp.*, 495 F.2d 314, 318 (7th Cir. 1974) (amicus curiae not bound).

Second, the Opryland Petitioners were not in privity with any parties in the Alabama Supreme Court proceedings. This Court has held that a non-party may be bound when in privity or adequately represented in a class action. *See Martin*, 490 U.S. at 762 n.2; *Hansberry*, 311 U.S. at 40-41. The Court of Appeals appeared to use the privity exception to bind both Williams, Jr. and the remaining Petitioners to the Alabama Supreme Court judgment.

Williams, Jr. was not in privity with any party to the proceedings before the Alabama Supreme Court. The only parties were Respondent, the law firm, insurance companies and the administrators of the estate. Clearly they had interests directly adverse to Petitioner Williams, Jr. – Respondent for the obvious reason that she was trying to take Petitioner Williams, Jr.'s property, and

the administrators because it is Respondent's position that the administrators are liable for any fraud committed. In addition, the administrators do not share Williams, Jr.'s property interest in the estate. That Williams, Jr.'s views were not adequately presented is evidenced by the fact that no party to the Alabama Supreme Court proceeding raised any arguments in support of Petitioners. *See Hansberry*, 311 U.S. at 45 ("[A] selection of representatives for purposes of litigation, whose substantial interests are not necessarily or even probably the same as those whom they are deemed to represent, does not afford that protection to absent parties which due process requires.").

The fact that certain Petitioners litigated the paternity issue in the Alabama trial court also does not cause Petitioners to be bound by the Alabama Supreme Court judgment, as suggested by the Court of Appeals. *See* App. A-1.33-1.37. The trial in the Alabama Circuit Court on the paternity issue could not possibly suffice as a full and fair opportunity for the resolution of the separate and distinct heirship issues resolved by the Alabama Supreme Court. These issues were resolved for the first time in the case without Petitioners ever being represented.

The remaining Petitioners were not in privity with any of the parties to the proceedings before the Alabama Supreme Court or Williams, Jr. The property interests of the remaining Petitioners in the copyright renewals were not shared by either Respondent or the administrators of the estate. And while their copyright property interests are somewhat aligned with Williams, Jr.'s general estate property interests, these interests are not identical.

The Court of Appeals' errors cannot be saved by relying on the Alabama Supreme Court's conclusion that the *in rem* nature of the proceeding allowed it to exercise jurisdiction over absent parties. *See* App. A-1.29-1.31. This assertion of *in rem* cannot possibly survive scrutiny under this Court's cases. *See Tulsa Prof. Collection Serv. v.*

Pope, 485 U.S. 478, 485-88 (1988) (individual notice required before interest can be extinguished in probate proceeding); *Mullane v. Central Hanover Bank & Trust*, 339 U.S. 306, 312-13 (1950) (*in rem* classification cannot control question of whether state "procedure accords full opportunity to be heard"). *Cf. Shaffer v. Heitner*, 433 U.S. 186 (1977). Thus, Petitioners cannot be bound merely because the court asserted that the action was *in rem*.

The effect of the Court of Appeals decision should not be underestimated. The decision creates a huge loophole in the general rule that only parties to a case are bound by the judgment. With the adoption of liberal joinder rules and complex multi-party, institutional litigation, there is enormous temptation to resolve all matters in one proceeding, even when all interested parties are not present. Despite these pressures, this Court and the lower courts have adhered to strict limits on enforcing judgments against non-parties. The Court of Appeals' novel and unprecedented departure from these principles warrants review by this Court.

2. The Court of Appeals Failed to Conduct an Independent Inquiry Into the Adequacy of the Alabama Supreme Court Judgment.

The Court of Appeals totally failed to inquire into whether Williams, Jr.'s views were fully and fairly heard. Under the Full Faith and Credit Clause, the enforcing court has the obligation to inquire if in fact the non-parties' views were fully and fairly heard. This Court has consistently held that a judgment is not entitled to full faith and credit if the person had no full and fair opportunity to raise claims and defenses. *See Kremer*, 456 U.S. at 482 & n.24 ("The Court's decisions enforcing the Full Faith and Credit Clause of the Constitution . . . also suggest that what a full and fair opportunity to litigate entails is the procedural requirement of due process.");

Durfee v. Duke, 375 U.S. 106, 114 (1963) (judgment entitled to full faith and credit "[a]fter a party has his day in court, with opportunity to present evidence"); *Hansberry*, 311 U.S. at 40 ("notice and opportunity to be heard . . . are requisite to the due process which the Constitution prescribes").

The Court of Appeals failed to follow these precedents, and concluded only that the Alabama Supreme Court *stated* that Petitioners' views were considered and presented, and that as the enforcing court the Court of Appeals was not free to "conclude otherwise." App. at A-1.30.

This reasoning of the Court of Appeals removes the Due Process Clause as any limit on a state court rendering binding judgments. The Court of Appeals concluded that so long as the rendering court (here, the Alabama Supreme Court) states that a litigant had a full and fair opportunity, the enforcing court (here, the Court of Appeals) is bound to accept this conclusion. The flaw in this approach is plain. The approach gives the rendering court complete and ultimate power to control the enforceability of its judgment. By simply noting that a person's views were adequately considered, the decision is made immune from scrutiny in the enforcing court. This approach has been rejected by this Court on a number of occasions. *See Hansberry*, 311 U.S. at 40; *Blonder-Tongue Labs., Inc. v. University of Ill. Found.*, 402 U.S. 313, 329 (1971) ("[T]he requirement of determining whether the party against whom an estoppel is asserted had a full and fair opportunity to litigate is a most significant safeguard."); *Underwriters Nat'l Assurance Co.*, 455 U.S. at 706 (second court must undertake inquiry to see if questions fully and fairly litigated in first court); *Durfee*, 375 U.S. at 111; *Thompson v. Whitman*, 85 U.S. (18 Wall.) 457, 466 (1873) (jurisdiction of first court may be reviewed in enforcing court "notwithstanding the averments contained in the record of the judgment itself").

Before giving the Alabama decision full faith and credit, the Court of Appeals was obliged to review the fairness and adequacy of the state court proceedings. The District Court in this case did undertake this inquiry and had no difficulty concluding that the judgment was not entitled to full faith and credit. *See* App. B-1.11-1.14. The contrary ruling of this Court of Appeals can be explained only by abdication of its function under the Due Process Clause and its uncritical acceptance of the Alabama Supreme Court's recital.

The Court of Appeals also failed to conduct an inquiry into whether the Alabama Supreme Court's assertion of *in rem* jurisdiction over Petitioners was valid. An enforcing court has an obligation to inquire into the course of proceedings used to establish jurisdiction in the rendering court. *See Treinies v. Sunshine Mining Co.*, 308 U.S. 66, 78 (1939); *Underwriters Nat'l Assurance Co.*, 455 U.S. at 704 & n.10 (before a court is bound it must "inquire into the jurisdictional basis of the foreign court's decree"). The enforcing court is not bound to accept the rendering court's "purported" exercise of jurisdiction. Over one hundred years ago the Court cautioned:

> It appears . . . that this proposition assumes the very fact to be established, which is the only question in issue. For what purpose does the defendant question the jurisdiction of the court? Solely to show that its proceedings and judgment are void, and, therefore, the supposed record is, in truth, no record. . . . [I]f he cannot show, even against the pretended record, that fact, on the alleged ground of the uncontrollable verity of the record, he is deprived of his defence, [sic] by a process of reasoning that . . . is little less than sophistry. The plaintiffs, in effect, declare to the defendant – the paper declared on is a record, because it says

> you appeared; and you appeared, because the paper is a record. This is reasoning in a circle.

Harris v. Hardeman, 55 U.S. 334, 341 (1852). The Court has steadfastly adhered to this rule. *Williams v. North Carolina*, 325 U.S. 226, 230 (1945); *Chicago Life Ins. Co. v. Cherry*, 244 U.S. 25, 29 (1917); *Thompson*, 85 U.S. at 468.

Petitioner Williams, Jr. was never given any notice or opportunity to be heard on the jurisdictional grounds asserted by the Alabama Supreme Court. The state court "purported" to exercise jurisdiction and render judgment against a non-party who was never allowed to object to or be heard on the grounds for jurisdiction. Due process mandates, therefore, that the enforcing court give the hearing that was arbitrarily denied by the rendering court.[3]

The Court of Appeals' failure to inquire into Petitioners' right to be fully and fairly heard in the rendering court on the issue of jurisdiction is amplified by its more fundamental error in failing to inquire whether Petitioners were fully and fairly heard. The uncontroverted fact is that the Alabama Supreme Court never allowed Petitioners to be heard on numerous issues of federal and

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[3] Contrary to the Court of Appeals suggestion (App. A-1.32), Petitioner's full and fair opportunity to be heard was not satisfied by the availability of discretionary review to this Court. There is reason to believe that for purposes of certiorari the earlier Alabama judgment was not final. *See San Diego Gas & Elec. Co. v. Dan Diego*, 450 U.S. 621, 632-33 (1981); *NAACP v. Williams*, 359 U.S. 550 (1959). This Court has on numerous occasions canvassed the record of the rendering court to determine whether the full and fair opportunity test was met despite the fact that certiorari could have been sought in the first case. *See Kremer*, 456 U.S. at 483-84; *Montana*, 440 U.S. at 154-55, 163-64 (same). These are in accord with the over 100 year-old rule that the adequacy of the first proceeding may be "inquired into collaterally." *Harris*, 55 U.S. at 340.

state law. Clearly, a court departs from established principles when it not only gives full faith and credit to an *ex parte* determination of jurisdiction, but then uses that infirm jurisdictional ruling to give full faith and credit to a ruling on the merits for which a party was never given an opportunity to be heard. In such a case, review by this Court is warranted.

B. THE COPYRIGHT ACT THREE-YEAR STATE OF LIMITATIONS, 17 U.S.C. SECTION 507(B), OPERATES AS A BAR TO RESPONDENT'S UNTIMELY CLAIM OF OWNERSHIP IN A SHARE OF COPYRIGHT RENEWALS.

Respondent's first claim for relief is one arising under the copyright laws of the United States and, therefore, is governed by the Copyright Act statute of limitations, 17 U.S.C. Section 507(b), which provides:[4]

> (b) – Civil Actions. No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.

The District Court found and the Court of Appeals concurred that Respondent "had notice of a potential claim by October of 1979." (App. at A-1.11 and B-1.17-1.18). Because the present action was filed by Respondent on September 12, 1985, a date more than three years after her claim accrued, Respondent's first claim for relief is barred.

Despite the clear language of Section 507(b), the Court of Appeals reversed the District Court's dismissal of Respondent's action. The Court of Appeals held that

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[4] Section 507(b) of the Copyright Act of 1976 is identical to Section 115(b) of the Copyright Act of 1947 except for a grammatical change. For convenience sake the copyright statute of limitations shall be referred to herein as Section 507(b) regardless of which Copyright Act may be applicable to the various renewals.

because Respondent's suit included claims for "relief" with regards to royalties received within three years of commencement of the suit, Respondent was not barred from attempting to establish an ownership interest in those royalties.

Petitioners agree with the Court of Appeals that an action for declaratory judgment is time barred only if a direct claim on the rights sought to be vindicated would be barred. *118 E. 60th Owners, Inc. v. Bonner Prop., Inc.*, 677 F.2d 200, 202 (2d Cir. 1982). If Respondent had merely sought a declaration that she had a right to a share of the renewal rights in the Works based on her status as a child of Williams, Sr., the Court of Appeals presumably would have held that her action was untimely under Section 507(b). Instead, however, the Court of Appeals improperly held that because Respondent's claim for relief was not time barred, then her action for declaration of her status also was not time barred.

The Court of Appeals artificially separated Respondent's claim into one for a declaration of her status as a "child" of Williams, Sr., and the other for relief seeking an accounting and damages based on that status. The Court of Appeals ignored that establishing ownership in a renewal interest is a fundamental element of Respondent's claims. Respondent must *first* establish her status before she has any right to bring an action against the Petitioners.

The Court of Appeals analogized Respondent's failure to establish her status to a mere "procedural requirement." Likening Respondent's failure to establish her status to a "technical" error, the Court of Appeals cited several cases holding that technical errors would not bar an otherwise proper action under the Copyright Act. (App. at A-1.13-1.14).

Petitioners agree that technical errors such as a delay in filing a deposit copy of a work or obtaining a certificate of registration should not bar claims for relief for

acts of infringement. In the cases cited by the Court of Appeals, however, status was not an issue or had appropriately been determined. Establishment of status is not a technical or procedural requirement for an infringement claim. Rather, as the District Court recognized, Respondent's ownership interest is the fundamental basis upon which her claim for relief is based. (App. at B-1.16).

If the decision of the Court of Appeals is permitted to stand, the law of the Second Circuit will be that a person with a claimed interest in renewal rights for a copyright may bring an action *at any time* during the life of the renewal interest. Although the Court of Appeals would limit the recovery in such an action, nothing in the court's opinion provides for any final resolution of ownership in renewal rights.

Respondent's "claim" is that she occupies the status of a child within the meaning of the Copyright Acts of 1947 and 1976 for purposes of an entitlement to an interest in the renewal term copyrights of the Works. Her remedy to establish that claim is the right to file an action to establish that status. *See Chase Sec. Corp. v. Donaldson*, 325 U.S. 304 (1945). It is this remedy which is barred by the statute of limitations. *Prather v. Neva Paperbacks, Inc.*, 446 F.2d 338, 340 (5th Cir. 1971).

It is Respondent's *claim* to occupy the status of one entitled to an interest in the renewal term copyrights of the Works that is the "basic nature" of her suit. *See Bonner Prop., Inc.*, 677 F.2d at 202. The various types of affirmative relief requested by Respondent do not change the claim which is the foundation for her request for such relief. "Limitations periods are applicable not to the form of relief but to the claim on which the relief is based." *Luckenbach S.S. Co. v. United States*, 312 F.2d 545, 548 (2d Cir. 1963). Thus, the statute of limitations began to run when Respondent knew or had reason to know of the injury resulting from actions inconsistent with her claim. *Cullen v. Margiotta*, 811 F.2d 698, 725 (2d Cir. 1987).

Respondent could have commenced her action based upon Section 24 of the Copyright Act of 1947 (the "Prior Act") or upon Section 304(a) of the Copyright Act of 1976 (the "Copyright Act") at the time that she knew or, in the exercise of reasonable diligence, should have known, the facts alleged to support her cause of action. *See Taylor v. Meirick*, 712 F.2d 1112 (7th Cir. 1983); *Carmichael v. Mills Music, Inc.*, 121 F. Supp. 43 (S.D.N.Y. 1954). The District Court held and the Court of Appeals affirmed that Respondent's cause of action accrued on or prior to October 17, 1979. On that date, Respondent knew of her alleged status and was entitled to file an action to establish that status. *See, e.g., Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321, 339-40, *reh'g denied*, 401 U.S. 1015 (1971). Because she did not bring suit on that cause of action until September 12, 1985, more than the three-years permitted under Section 507(b), the District Court was correct in holding that Respondent's first claim for relief should be barred.

C. RESPONDENT IS NOT INCLUDED UNDER THE DEFINITION OF "CHILDREN" IN THE 1976 COPYRIGHT ACT.

1. The Uniform Definition of "Children" Adopted by Congress as Section 101 of the 1976 Copyright Act Applies to Copyright Renewals Under the Act.

This Court should determine a uniform federal rule to govern whether the definition of children under Section 101 includes a child, such as Respondent, adopted out of the family of an author of a Work. In determining that Respondent was an heir and thus within the definition of "children" under the Act, the Court of Appeals ignored state law and the language of Section 101.

(a) Governing Law.

Section 304(a) of Title 17, United States Code (the "Copyright Act"), effective January 1, 1978, provides, in relevant part:

> *Section 304(a).* . . . [T]he author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his or her next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of forty-seven years . . . .

Section 304(a) is the governing statutory law with respect to Respondent's status as a child of Williams, Sr. for the purposes of determining her alleged interest in the renewal term of copyright in all Works, the copyrights in which became subject to renewal on or after January 1, 1978.

Section 101 of the Copyright Act was enacted in an effort to provide uniform definitions for some of the terms used in the Copyright Act. Section 101 defines the term "children" as follows:

> A person's "children" are that person's immediate offspring, whether legitimate or not, *and any children legally adopted by that person.*

17 U.S.C. Section 101 (emphasis added).

(b) Legislative History.

The definition of children in its present form first appeared in the 1965 Copyright Revision Bill. The purpose for specifically including illegitimate children in the above definition was "in an effort to avoid the uncertainties, confusion, and possible injustices that would arise if the question were left entirely to a determination under

the various state laws." *Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Laws*, 1965 Revision Bill, Part 6, at 74 (1965).

Additional evidence as to the specific problems that Congress sought to address with the definition of "children" is found in Barbara Ringer's Study No. 31. Barbara A. Ringer, *Renewal of Copyright, in Studies on Copyright* (1960) (hereinafter "Study No. 31"). In Study No. 31, Ringer recognized that *DeSylva v. Ballentine*, 351 U.S. 570 (1956), referred the courts to controlling state law for the definition of children for purposes of determining beneficiaries entitled to claim renewal rights under Section 24 of the 1909 Act. Ringer expressed concern relative to the lack of uniformity in situations involving illegitimate children. Ringer noted that:

> Likewise, in addition to the problems of illegitimacy and remarriage, state law would presumably be determative of the many other questions involved in deciding whether someone is a "widow" or a "child" – the validity of a marriage, divorce or adoption, the status of stepchildren, foster children, posthumous children, etc.

Study No. 31 at 152. Ringer summed up the problem by observing that "[t]he difficulty, of course, arises from using indefinite terms in the statute without defining them or indicating how they are to be defined." *Id.* at 180.

Although the Supreme Court declared in *DeSylva* that "there is no federal law of domestic relations," 351 U.S. at 580, a recent decision by this Court evidences that the Court has virtually overruled *DeSylva* with respect to renewals under the Copyright Act of 1976. The Court now appears to embrace the position espoused by Justice Douglas in his dissent in *DeSylva*, that the federal policy under copyright would best be effectuated by federal uniformity. *See* 351 U.S. at 583 (Douglas, J., dissenting). In *Community for Creative Non-Violence v. Reid*, 490 U.S. 730,

109 S.Ct. 2166 (1989), the Court was asked to interpret the "work for hire" definition contained in Section 101. In doing so, Justice Marshall noted that reliance on the general common law rather than the law of any particular state to give meaning to a federal statutory definition "reflects the fact that federal statutes are generally intended to have uniform nationwide application." 109 S.Ct. at 2173. The Court held that in copyright actions, establishment of a federal rule, rather than reliance on state law, "is particularly appropriate . . . given the [Copyright] Act's express objective of creating national uniform copyright law by broadly pre-empting state statutory and common-law copyright regulation." *Id.*

In line with *Reid*, a uniform rule should be adopted by this Court for the definition of "child" for purposes of entitlement to an interest in the renewal term of copyright of a work subject to renewal after January 1, 1978. The need for such a uniform rule is evidenced by the policy discussions below.

2. In Light of the Policy of Federal Copyright Law to Provide Support for an Author and the Author's Dependents, Biological Offspring of the Author who are Adopted by Persons Other than the Author ("Adopted Out") Are Not "Children" as Defined by Section 101 of the 1976 Copyright Act.

Section 101 defined "children" to include "any children legally adopted by [a] person." It is undisputed that Respondent has been adopted and that Respondent is entitled to all the rights and privileges which flow from her status as the adopted child of the Deuprees.[5] It is

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[5] Respondent, in fact, has asserted those rights in an action regarding the estate of her adoptive mother Mary Louise Deupree.

likewise undisputed that Respondent would be entitled to all of the rights of a child of the Deuprees with respect to any copyrightable works created by the Deuprees. The question that is left undecided by Section 101 is whether the biological child of an author is entitled to all of the rights and privileges of a "child" of the author under the Copyright Act once that child has been adopted by other parties, specifically other parties unrelated to either biological parent; i.e., whether Respondent has the status of a "child" of Williams, Sr. under the Copyright Act. An examination of several general policies indicates that she should not.

(a) Policy on Class Gifts.

The interest in renewal rights is analogous to a forced bequest to a class of persons. Accordingly, the law relative to class gifts and bequests is useful in determining a general federal rule with respect to adopted children. The Restatement (Second) of Property, "Donative Transfers," Section 25.5 (Tent. Draft No. 8, 1985) provides that:

> Gifts to "Children" – Child of Person Adopted by Another.
>
> When the donor of property describes the beneficiaries thereof as "children" of a designated person, the primary meaning of such class gift term excludes descendants of such person in the first generation who have been adopted by another, if such adoption removes the child from the broader family circle of the designated person. It is assumed, in the absence of language or circumstances indicating a contrary intent, that the donor adopts such primary meaning.
>
> Comment:
>
> A. Rationale. When a child has been removed from the family circle of the child's natural parents by adoption, it is reasonable to conclude that the donor would no longer intend such

> adopted child to be treated as continuing on the same basis as those children who remain in the family circle the donor is benefiting. This section recognizes this reasonable conclusion by excluding in such case the adopted-out child from the primary meaning of the gift to "children." When the adoption out does not remove the child from the family circle of the designated person, as in the case of an adoption by the spouse of the person whose children are named as beneficiaries, the adopted-out child is not excluded.

Rights in the renewal term of copyright are a creature of statute enacted by Congress. Regarding interests in copyright renewal terms, Congress has not provided language contrary to the above-quoted excerpt from the Restatement (Second) of Property. Thus, consistent with Comment (a), a child adopted by another is not the child of its natural parents for purposes of renewals of copyrights under the 1976 Act. This is consistent with state laws, including those of Alabama, where the adoption occurred and the child resides. *See* Ala. Code Section 43-8-48(1) ("An adopted person is the child of an adopting parent and not of the natural parents. . . . ").

(b) Copyright Policy.

The underlying purpose of Section 24 of the Prior Act was to provide for the author and the family of the author after his death. *DeSylva*, 351 U.S. at 582. In retaining the reversionary aspects of renewals, Congress desired to ensure that the author's *dependent* relatives would receive the benefits of the renewal copyright. Study No. 31 at 125. The structure of the classes of persons entitled to an interest in the renewal term was carried over intact into Section 304(a) of the Copyright Act, assuring that the benefits of the renewal term went to "those naturally *dependent* upon the deceased author's

bounty." S. Rep. No. 94-473, 94th Cong., 1st Sess. 139 (1975).

Once adopted, a child is no longer legally or morally dependent upon his or her natural parents for support. Once adopted, he or she becomes the child of his or her adopting parents from whom the adopted child is entitled to inherit. Such children should be excluded from the class of persons entitled to an interest in the renewal term for copyright of any works authored by such child's natural parents.

(c) General Adoption Policy

Adoption statutorily exists in all of the fifty states as a means of furthering state public policy in providing a child with an entirely new family when the natural relationship between parent and child ends for any reason. *In re Anonymous*, 390 N.Y.S.2d 779, 781 (N.Y. Surr. Ct. 1976). As recognized in *In re Estate of Best*, 485 N.E.2d 1010 (N.Y. 1985), *cert. denied sub nom. McCollum v. Reid*, 475 U.S. 1083 (1986), powerful policy considerations militate against construing a class gift (such as an interest in the renewal term of copyright) to include a child adopted by others, whose biological parents parental rights have been terminated. Recognition of such class gifts would be inconsistent with the child's complete assimilation into the adoptive family. *Id.*

The goals of removing the unwarranted stigma from illegitimate children and assimilating the adopted child into a new family are advanced by declaring his or her status to be that of the child of his or her adopting parents and not of his or her natural parents.

Excluding adopted-out children from Section 101 meets the needs of other public policies as well. If an adopted child could retain his or her status as a child of his or her natural parents, the title to any renewal copyright which vests after the death of the author would be forever clouded. The life of each deceased author would need to be examined to determine the possible existence of undisclosed natural children who might have been adopted by others. Absent such a determination, where an author has died before vesting, no clear title to a renewal copyright could be transferred because the possibility of litigation instigated by an individual claiming to be a deceased author's child who had been adopted would always exist.[6]

3. Conclusion.

The Supreme Court acknowledged a differential between the physical relationship and legal status in *DeSylva* when it stated that "the word 'children', although it to some extent describes a purely physical relationship, also describes a legal status." 351 U.S. at 580. Section 101 attempted to define that status, but left open the question presented by this action. Based upon the policies favoring uniform federal rules in interpreting the Copyright Act, this Court should establish that a natural child of an author who is adopted by third persons does not occupy the status of a child of the author pursuant to Section 101. The decision of the Second Circuit, therefore, concerns an important question of federal law which has not been, but should be, reviewed by this Court.

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[6] Indeed, if, as the Second Circuit erroneously held, the bar of the statute of limitations was not applicable, there could never be clear title to the renewal copyright of an author who died before the vesting thereof.

IX. CONCLUSION

The Second Circuit's actions in this matter are in conflict with decisions of this Court and other circuits. In addition, the Court of Appeals' opinion concerns important questions of federal law which have not been, but should be, settled by this Court. The questions are of national importance. Petitioners respectfully request that this Court grant certiorari to review the judgment of the Second Circuit, dated July 13, 1992.

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APPENDIX A-1

Cathy Yvonne STONE, Plaintiff-Appellant,

v.

Hank WILLIAMS, Jr., Billie Jean Williams Berlin, Chappell Music Company, a division of Chappell & Co., Inc., a Delaware Corporation, Aberbach Enterprises, Ltd., a New York Corporation, Acuff-Rose-Opryland Music, Inc., a Tennessee Corporation, Milene-Opryland Music, Inc., a Tennessee Corporation, Wesley H. Rose and Roy Acuff, Individually and as Trustees in Liquidation for Stockholders of Fred Rose Music, Inc., and Milene Music, Inc., Fred Rose Music, Inc., a Tennessee Corporation, and Milene Music Inc., a Tennessee Corporation, Defendants-Appellants.

Docket No. 91-7706.

United States Court of Appeals,
Second Circuit.

Submitted Nov. 13, 1991.

Decided July 13, 1992.

Illegitimate daughter of singer composer sought share of copyright renewal rights. The United States District Court for the Southern District of New York granted motion against daughter on ground of laches. Daughter appealed. The Court of Appeals, 873 F.2d 620 affirmed. On petition for rehearing, the Court of Appeals, 891 F.2d 401, held that action was not barred by laches. On remand, the District Court, John F. Keenan, J., 766 F.Supp. 158, dismissed case, and appeal was taken. The Court of Appeals, Cardamone, Circuit Judge, held that daughter

was entitled to share of copyright renewals under both Copyright Act of 1909 and Copyright Act of 1976 as she was included in state law definition of "children" entitled to inherit.

Reversed and remanded.

Milton A. Rudin, Beverly Hills, Cal. (Joseph L. Golden, Rudin, Appel & Rosenfield, Beverly Hills, Cal., Kenneth E. Warner, Coblence & Warner, New York City, of counsel), for plaintiff-appellant Cathy Yvonne Stone.

Alan L. Shulman, New York City (Richard H. Frank, Jr., W. Michael Milom, Christian A. Horsnell, Silverman & Shulman, P.C., New York City, Lawrence I. Fox, Stephen K. Rush, David L. Kleinfelter, McDermott, Will & Emery, New York City, of counsel), for defendants-appellees Hank Williams, Jr., Acuff-Rose-Opryland Music, Inc., Milene-Opryland Music, Inc., Wesley H. Rose, Roy Acuff, Fred Rose Music, Inc. and Milene Music, Inc.

Thomas R. Levy, New York City, for defendants-appellees Billie Jean Williams Berlin, Chappell Music Co. and Aberback Enterprises, Ltd.

Before: VAN GRAAFEILAND, CARDAMONE, and PIERCE, Circuit Judges.

CARDAMONE, Circuit Judge:

This appeal continues the bitter litigation arising from plaintiff's belated discovery that she is the daughter of the late famous country and western singer Hank Williams, Sr. Because we have set forth in some detail on two previous occasions the principal players and their roles in this matter, *see Stone v. Williams*, 873 F.2d 620 (2d Cir.) (*Stone I*), *cert. denied*, 493 U.S. 959, 110 S.Ct. 377, 107

L.Ed.2d 362 (1989), *vacated*, 891 F.2d 401 (2d Cir.1989) (*Stone II*), *cert. denied*, 496 U.S. 937, 110 S.Ct. 3215, 110 L.Ed.2d 662 (1990), we assume the reader's familiarity with much of the background and report only such facts in the following discussion as is necessary to make it intelligible.

Plaintiff commenced this action in the United States District Court for the Southern District of New York (Keenan, J.) on September 12, 1985 seeking a declaration that she is Williams, Sr.'s child within the meaning of §§ 24 and 304(a) of the Copyright Acts of 1909, ch. 320, 35 Stat. 1075 *et seq.* (1909), as amended, ch. 391, 61 Stat. 652 *et seq.* (1947), and 1976, 17 U.S.C. §§ 101 *et seq.*, respectively, and therefore entitled to copyright renewals for his extensive repertory of songs. The defendants are Hank Williams, Jr., the singer's son, and Billie Jean Williams Berlin, the singer's widow. The other defendants in this suit are assignees of certain of their interests. Williams, Jr. assigned an interest in his renewal copyrights to defendants Fred Rose Music, Inc. (Fred Rose), which subsequently assigned certain rights to Milene Music, Inc. (Milene). Defendants Wesley Rose and Roy Acuff served as liquidation trustees for Fred Rose and Milene. Acuff-Rose Opryland Music, Inc. (Acuff-Rose) and Milene-Opryland Music, Inc. (Milene-Opryland) are successors in interest to Wesley Rose and Roy Acuff. Thus, Williams, Jr., Acuff-Rose, Milene-Opryland, Wesley Rose, Roy Acuff, Fred Rose and Milene (collectively, the Acuff/Rose defendants) hold an interest in the copyright renewals through Williams, Jr. Billie Jean Williams Berlin assigned an interest to defendant Aberbach Enterprises, Ltd. (Aberbach) in her copyright renewals. By contract with

Aberbach, Chappell Music Co. (Chappell) serves as administrator of Berlin's interests in the renewal copyrights. Thus, Berlin, Aberbach and Chappell (collectively, the Berlin defendants) hold an interest in the copyright renewals through Berlin.

The district court in 1988, 1988 WL 96091, granted summary judgment in favor of defendants on the ground of laches. We affirmed. *Stone I*, 873 F.2d at 624-26. On petition for rehearing the decision in *Stone I* was vacated and the panel reversed the district court's holding on laches, *Stone II*, 891 F.2d at 404-05, in light of the Alabama Supreme Court's intervening decision in *Stone v. Gulf American Fire & Casualty Co.*, 554 So.2d 346 (Ala.1989) (*Gulf American*), *cert. denied*, 496 U.S. 943, 110 S.Ct. 3229, 110 L.Ed.2d 676 (1990).

The *Gulf American* suit was instituted by defendants Williams, Jr., Wesley Rose and Roy Acuff, seeking a declaration that Stone was barred from demonstrating that she was the natural child of Williams, Sr. entitled to a share of his estate. Stone counter-claimed seeking to establish her status as a child of Williams, Sr. and also filed a third-party action seeking to have his estate reopened. She alleged in her third-party action that Irene Smith (Williams, Sr.'s sister, who served as administratrix of the estate), Robert Stewart (attorney for the estate), and the insurance companies serving as sureties for the estate had conspired to conceal her identity. The Alabama Circuit Court granted summary judgment in favor of Williams, Jr., Wesley Rose and Roy Acuff in their declaratory suit and in favor of the third-party defendants in Stone's suit to reopen the estate, though it did hold after a trial that

Williams, Sr. was Stone's father. Stone appealed the decision denying her application to reopen the estate. Williams Jr., Rose and Acuff took no appeal from the trial court's finding that Stone was the daughter of Williams Sr.

On Stone's appeal, the Alabama Supreme Court reversed. It set aside judgments rendered by the Montgomery County Circuit Court in 1967 and 1968 declaring Williams, Jr. to be the sole beneficiary of the estate, and held that plaintiff was entitled to a proportional share of the proceeds of Williams, Sr.'s estate. The Alabama Supreme Court concluded that due to the fraud and concealment by the parties involved, plaintiff's action to reopen her father's estate was timely. In light of this finding, we held that laches did not bar plaintiff's suit, *see Stone II*, 891 F.2d at 404-405, and accordingly remanded the case to the district court for further proceedings.

On remand, the district court considered alternative bases asserted by defendants for summary judgment. It held the paternity decision in *Gulf American* was not entitled to preclusive effect because Williams, Jr. was not afforded a full and fair opportunity to litigate the issues decided and because none of the other defendants were parties or in privity with parties to the third-party action appealed to the Alabama Supreme Court. The district court further ruled that Stone's first cause of action accrued no later than October 17, 1979 and was therefore barred by the three year statute of limitations in 17 U.S.C. § 507(b), 766 F.Supp. 158. As to plaintiff's second cause of action – alleging conspiracy to suppress material facts concerning her status and rights as an heir – the district court found that as defendants were under no duty to

divulge information to plaintiff, their mere silence could not give rise to a claim for conspiracy. Stone appeals. We reverse.

DISCUSSION

I Statute of Limitations

The first question addressed is whether plaintiff's first cause of action seeking an interest in renewals is time-barred. We start with the Copyright Act of 1976 that provides

> No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the *claim accrued*.

17 U.S.C. § 507(b) (emphasis added). This provision parallels § 115(b) of the 1909 Act, as amended, Pub.L. No. 85-313, 71 Stat. 633 (1957). H.R.Rep. No. 1476, 94th Cong., 2d Sess. 164, *reprinted in* 1976 U.S.Code Cong. & Admin.News 5659, 5780. As no substantive change for limitations purposes was made, the considerations underlying our analysis are the same for renewals governed under either the 1909 or 1976 Act. *See Taylor v. Meirick*, 712 F.2d 1112, 1118 (7th Cir.1983).

A. *Declaration of Rights*

The district court viewed Stone's action merely as seeking a declaration of her rights under the Copyright Act. It concluded further that since her claim accrued no later than October 17, 1979 – when plaintiff admitted having been told by her adoptive mother of her possible

identity – her suit, brought more than three years after October 17, 1979, was untimely. We agree Stone is attempting to establish her status as a "child" of Williams, Sr. through a declaratory judgment action. Yet, it is plain that plaintiff seeks more than a declaration of her rights, as her third amended complaint demonstrates: "FIRST CLAIM FOR RELIEF FOR DECLARATION OF RIGHTS, ACCOUNTING, DAMAGES, AND IMPOSITION OF CONSTRUCTIVE TRUST AND/OR RESULTING TRUST." These different claims must be analyzed separately for statute of limitations purposes.

In ruling that because the Copyright Act has a three-year statute of limitations, declaratory judgment suits are subject to the same time-bar, the district court lumped together separate and district claims made by plaintiff: one, for a declaration of status, and the other for relief as a result of that status. Because a declaratory judgment action is a procedural device used to vindicate substantive rights, it is time-barred only if relief on a direct claim based on such rights would also be barred. *See 118 E. 60th Owners, Inc. v. Bonner Properties, Inc.*, 677 F.2d 200, 202 (2d Cir.1982); *Luckenbach S.S. Co. v. United States*, 312 F.2d 545, 548 (2d Cir.1963). Thus, determining whether the three year statute of limitations in § 507(b) prevents plaintiff from seeking a declaration that she is a child of Williams, Sr. requires assessment of whether the relief sought as the result of such status, specifically, an accounting, damages and imposition of a constructive trust – the substantive cause of action – is time barred.

B. *Substantive Cause of Action*

In determining whether the relief sought is time-barred, we must decide when it first arose. In this connection, we observe that Stone's asserted right to relief stems from defendants' failure to remit royalty payments to which she claims entitlement as a child of Williams, Sr. A cause of action accrues when a plaintiff knows or has reason to know of the injury upon which the claim is premised. *See Cullen v. Margiotta*, 811 F.2d 698, 725 (2d Cir.), *cert. denied*, 483 U.S. 1021, 107 S.Ct. 3266, 97 L.Ed.2d 764 (1987); *Keating v. Carey*, 706 F.2d 377, 382 (2d Cir.1983). The claim in this case is an entitlement to renewal copyrights under §§ 24 and 304(a) of the 1909 and 1976 Acts. The injury which is the basis of the action is the deprivation of this statutory entitlement. Thus, the statute of limitations did not begin to run until plaintiff had reason to know of the facts giving rise to her statutory entitlement, *i.e.*, that she was a child of Williams, Sr. Accordingly, for plaintiff's cause of action to have accrued – for plaintiff to have known or have had reason to know of her injury – "knowledge" that Williams, Sr. was her natural father was essential.

1. *Accrual*

The district court found that by October 17, 1979 a reasonably diligent person in plaintiff's position would have been put on inquiry as to the existence of a right to renewals in Williams, Sr.'s works. We agree. The record reveals that plaintiff first learned in 1973 from her adoptive mother of the possibility that she might be the

daughter of Williams, Sr. In 1974, she read a biography which mentioned that he may have fathered an illegitimate daughter. *See Stone I*, 873 F.2d at 622-23. On October 17, 1979 she acknowledged to representatives of the Alabama Department of Pensions and Security that her adoptive mother had told her that Williams, Sr. might be her natural father. At this point, Stone had notice of her claim. Although plaintiff's failure to pursue the matter aggressively until her adoptive father indicated his support if she desired to do so might be excusable for purposes of laches, *see id.* at 624, it is irrelevant to the question of whether she had notice of her claim for statute of limitations purposes.

Plaintiff argues that the statute of limitations should be tolled due to the fraud perpetrated on her. We agree that plaintiff's relationship with Williams, Sr. was fraudulently concealed, and the law is clear that fraudulent concealment of the existence of a cause of action tolls the running of the statute of limitations. *See, e.g., Barrett v. United States*, 689 F.2d 324, 327 (2d Cir.1982), *cert. denied*, 462 U.S. 1131, 103 S.Ct. 3111, 77 L.Ed.2d 1366 (1983). But such tolling is not indefinite. It lasts only so long as the fraud is effective. *See Prather v. Neva Paperbacks, Inc.*, 446 F.2d 338, 341 (5th Cir.1971). Fraudulent concealment does not lessen a plaintiff's duty of diligence; it merely measures what a reasonably diligent plaintiff would or could have known regarding the claim. *See Campbell v. Upjohn Co.*, 676 F.2d 1122, 1128 (6th Cir.1982).

The fact that it was fraudulently concealed from plaintiff that Williams, Sr. was her natural father therefore tolls the statute only up to the time when, despite the fraud, plaintiff had notice of this possibility. *Prather*, 446

F.2d at 341 (once plaintiff on inquiry that potential claim exists statute of limitations starts to run) (quoting *Japanese War Notes Claimants Ass'n v. United States*, 373 F.2d 356, 359, 178 Ct.Cl. 630, *cert. denied*, 389 U.S. 971, 88 S.Ct. 466, 19 L.Ed.2d 461 (1967)). The duty of inquiry having arisen, plaintiff is charged with whatever knowledge an inquiry would have revealed. *See, e.g., Armstrong v. McAlpin*, 699 F.2d 79, 88 (2d Cir.1983); *Briskin v. Ernst & Ernst*, 589 F.2d 1363, 1367 (9th Cir.1978).

Plaintiff asserts that even assuming she knew in October 1979 of the possibility that she was Williams, Sr.'s daughter, such knowledge was insufficient to commence the running of the limitations period because she was unaware then that she was suffering *economic* injury. In other words, the statute did not run until she learned there were property interests denominated copyright renewals to which she might be entitled.

We cannot adopt the proposition that to trigger the statute of limitations not only must plaintiff know of the facts furnishing her with a cause of action, but also that those facts are sufficient to entitle her to relief. *See Arneil v. Ramsey*, 550 F.2d 774, 781 (2d Cir.1977) (unawareness of law does not justify suspending operation of statute); *Japanese War Notes*, 373 F.2d at 359 (ignorance of rights which should be known is not enough to toll statute). While the case law has stressed that a plaintiff must know of the "injury," by adding the adjective "economic" plaintiff cannot undermine the premise upon which these holdings are based: the legal rights that stem from certain facts or circumstances need not be known, only the facts or circumstances themselves. *See United States v. Kubrick*, 444 U.S. 111, 123, 100 S.Ct. 352, 360, 62 L.Ed.2d 259 (1979)

(accrual of negligence claim under Federal Tort Claims Act occurs when plaintiff knows of the physical harm and who inflicted it, not when plaintiff later becomes aware that complained-of injury was negligently inflicted); *Barrett*, 689 F.2d at 328. In this case, Stone was put on notice no later than October 1979 that she might be the child of Williams, Sr., and she knew then that she was receiving no money as a result of such relationship. This was sufficient knowledge of the relevant facts to start the limitations period running.

2. *Relief*

Having concluded that Stone had notice of a potential claim by October of 1979, the question then becomes the significance for limitations purposes of such information. Plaintiff argues that this knowledge, though arising more than three years prior to her suit, does not bar relief for deprivations occurring before September 12, 1982. She contends that defendants' ongoing exploitation of her interest in the copyright renewals and their failure to account to her for her share is a continuous course of wrongful conduct precluding a statute of limitations defense. *See generally, e.g., Rapf v. Suffolk, County of New York*, 755 F.2d 282, 290 (2d Cir.1985); *Avco Corp. v. Precision Air Parts, Inc.*, 676 F.2d 494, 496 (11th Cir.), *cert. denied*, 459 U.S. 1037, 103 S.Ct. 450, 74 L.Ed.2d 604 (1982). We disagree.

The holder of a copyright has a property interest which, when invaded by an infringer, may be vindicated by an infringement action. 17 U.S.C. § 501(b). Each act of

infringement is a distinct harm giving rise to an independent claim for relief. *See Mount v. Book-of-the-Month Club, Inc.*, 555 F.2d 1108 (2d Cir.1977). This does not mean that when infringements occur during the limitations period recovery may be had for past infringements. Recovery is allowed only for those acts occurring within three years of suit, and is disallowed for earlier infringing acts. *See id.* at 1110-11. Application of the continuous wrong doctrine generally has been rejected in the infringement context. *See, e.g., Hoey v. Dexel Systems Corp.*, 716 F.Supp. 222, 223-24 (E.D. Va. 1989); *Gaste v. Kaiserman*, 669 F.Supp. 583, 584 (S.D.N.Y.1987); *Hoste v. Radio Corp. of America*, 654 F.2d 11, 11-12 (6th Cir.1981) (per curiam).

The same rule that governs infringements of copyrights applies to renewal royalties. Infringements of copyrights are actionable because they deprive the copyright holder of the exclusive benefit from exploitation of that work to which he or she is statutorily entitled. *See* 17 U.S.C. § 106. *Cf. Washingtonian Publishing Co. v. Pearson*, 306 U.S. 30, 39, 59 S.Ct. 397, 401-02, 83 L.Ed. 470 (1939) (value of copyright depends on the possibility of its enforcement). Similarly, copyright renewals are a property interest created by statute for the remunerative benefit of the author, or if the author is not alive at the expiration of the original term, for a class of designated statutory beneficiaries. *See, e.g., Stewart v. Abend*, 495 U.S. 207, 217-19, 110 S.Ct. 1750, 1758-59, 109 L.Ed.2d 184 (1990). Each time the holder of a copyright renewal is deprived of his or her statutory entitlement, for example, by nonpayment of royalties, a distinct harm is done to the owner's property interest. Stone's failure to seek relief promptly for violations of her entitlement to renewal

copyrights does not make defendants immune from suit for later violations.

Defendants respond that infringement cases are distinguishable because the copyright's ownership had been established within the limitations period. Here, defendants insist, because plaintiff did not seek a judicial determination that she was an owner of the copyright renewals within three years of 1979 she cannot now do so and then assert a cause of action based on such ownership.

An overly technical approach to copyright entitlements has not carried the day in other contexts, and it fails to do so in this one. *See generally* 3 M. Nimmer & D. Nimmer, Nimmer on Copyright § 12.05, at 12-104-05 (1992) (Nimmer) (where failure to satisfy procedural requirements is jurisdictional courts generally allow procedural compliance to relate back to filing of complaint). For instance, it had been held under the 1909 Act that since an author's claim to copyright arose upon publication with notice of copyright (under the 1976 Act copyright protection begins from the date of "creation," 17 U.S.C. § 302(a)), mere delay in depositing copies (necessary to institute suit) did not bar relief for acts of infringement occurring within the limitations period. *See Washingtonian Publishing*, 306 U.S. at 39-42, 59 S.Ct. at 401-403, *see also Ziegelheim v. Flohr*, 119 F.Supp. 324, 328-29 (E.D.N.Y.1954) (delay in obtaining certificate of registration does not constitute abandonment of copyright). Similarly, failure to timely file a notice of use did not bar claims based on infringing acts done subsequent to such filing and within three years of suit. *See Norbay Music, Inc. v. King Records, Inc.*, 290 F.2d 617, 619 (2d Cir.1961);

see also Rosette v. Rainbo Record Mfg. Corp., 354 F.Supp. 1183, 1192-93 (S.D.N.Y.1973), *aff'd*, 546 F.2d 461 (2d Cir.1976) (per curiam).

Defendants' contention ignores the distinction between what must be done to give rise to certain rights and what needs to be done to vindicate those rights. *See United States v. Obermeier*, 186 F.2d 243, 254-55 (2d Cir.1950) (except in the rare instance when the statute creating the substantive right makes the limitation period a part of, or qualification on, the right itself, limitation statute establishes no unalterable legal relationships), *cert. denied*, 340 U.S. 951, 71 S.Ct. 569, 95 L.Ed. 685 (1951); *cf. Kunstsammlungen Zu Weimar v. Elicofon*, 678 F.2d 1150, 1161 (2d Cir.1982) (where demand and refusal are substantive elements of cause of action for replevin, statute of limitations begins to run only after refusal, not when right to make demand arises). *See also Epoch Producing Corp. v. Killiam Shows, Inc.*, 522 F.2d 737, 740-41 n. 2 (2d Cir.1975), *cert. denied*, 424 U.S. 955, 96 S.Ct. 1429, 47 L.Ed.2d 360 (1976).

As with a copyright itself, a copyright renewal is a creature of statute. *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373, 375, 80 S.Ct. 792, 794, 4 L.Ed.2d 804 (1960). One's entitlement to a copyright or a renewal is therefore determined by statute, *see Epoch Producing Corp.*, 522 F.2d at 743, and the statute nowhere suggests that one loses a right to renewals merely by delaying assertion of that right. *Cf. Hampton v. Paramount Pictures Corp.*, 279 F.2d 100, 104 (9th Cir.) (mere lack of action does not amount to abandonment of copyright), *cert. denied*, 364 U.S. 882, 81 S.Ct. 170, 5 L.Ed.2d 103 (1960); *Universal Pictures Co. v. Harold Lloyd Corp.*, 162 F.2d 354, 372 (9th

Cir. 1947) (delay amounts to estoppel only where it is such as to justify belief by infringer that there is immunity from a claim of liability).

Of course, a copyright and its renewal are continuous, though distinct, property interests stemming from the original work. Consequently, failure to register and renew a copyright prior to expiration of the original term prevents the renewal copyright from ever arising. *See, e.g., G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469, 471 (2d Cir.), *cert. denied*, 342 U.S. 849, 72 S.Ct. 77, 96 L.Ed. 641 (1951); *Silverman v. Sunrise Pictures Corp.*, 273 F. 909, 912 (2d Cir.1921). But this is not the situation at bar. Here, the copyright renewal, as a property interest, was properly established. The question presented is the extent to which, once so created, one entitled to share in it is barred from realizing that share. *See Rose v. Bourne, Inc.*, 176 F.Supp. 605, 610 (S.D.N.Y.1959) (registration renews a copyright but does not determine ownership of the copyright as renewed), *aff'd*, 279 F.2d 79 (2d Cir.) (per curiam), *cert. denied*, 364 U.S. 880, 81 S.Ct. 170, 5 L.Ed.2d 103 (1960).

In order for plaintiff to be entitled to a share of copyright renewals under §§ 24 and 304(a), she need only be a "child" of the author. One does not lose such status because of delay in asking a court to declare it. Hence, as certification or registration and like requirements are necessary to maintain infringement actions, establishment of one's status as a child is necessary to maintain an action alleging deprivation of renewal rights; since a failure to satisfy such prerequisites to bringing suit may be cured and does not forever preclude relief for infringements, by a parity of reasoning, a failure to establish status as a

child does not forever preclude relief for the invasion of renewal rights.

Accordingly, merely because Stone could have brought suit in 1979 does not prevent her suit (only some of the relief sought) in 1985. To hold otherwise would ignore the long established rule that statutes of limitations bar remedies, not the assertion of rights. *See, e.g., Obermeier,* 186 F.2d at 254. This principle applies to the Copyright Act. *Prather,* 446 F.2d at 340. Thus, Stone's suit is timely insofar as relief is sought for defendants' failure to remit to her a proportionate share of royalties received within three years of suit. *See Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.,* 223 F.2d 252, 254 (2d Cir.1955) (per curiam) (co-owners of renewal copyrights must account to each other for exploitation thereof), *modifying,* 221 F.2d 569 (2d Cir.1955); *Tobani v. Carl Fischer, Inc.,* 98 F.2d 57, 59 (2d Cir.) (renewal taken out by one child held for benefit of other children), *cert. denied,* 305 U.S. 650, 59 S.Ct. 243, 83 L.Ed. 420 (1938). *See also Edward B. Marks Music Corp. v. Charles K. Harris Music Publishing Co.,* 255 F.2d 518, 522 (2d Cir.) (plaintiff having won on claim seeking a declaration of ownership of renewal copyrights, it was error for district court to deny plaintiff's motion for further relief based on declaration; unless otherwise barred, further relief based on declaration is proper), *cert. denied,* 358 U.S. 831, 79 S.Ct. 51, 3 L.Ed.2d 69 (1958).

Stone's alternative claim for the imposition of a constructive trust on income derived from the renewals is also timely. A constructive trust is a remedial device imposed in favor of one entitled to property that is wrongfully withheld or where to allow the present holder to retain the property would result in unjust enrichment.

See V A.W. Scott, The Law of Trusts §§ 461, 462.2, at 3410, 3417 (3d ed. 1967). Generally, a beneficiary is barred from enforcing a constructive trust if the limitations period for actions at law in analogous cases has run. *See id.* § 481.1 at 3465; *see also* 4A R. Powell, Powell on Real Property § 595, at 48-23-24 (P. Rohan ed. 1992) (as constructive trust is remedial rather than substantive device, the statute of limitations to be applied is determined by the nature of the right sued upon); *cf. Dolmetta v. Uintah Nat'l Corp.*, 712 F.2d 15, 18 (2d Cir.1983).

The analogous legal remedy for Stone's attempt to impose a constructive trust is an action for accounting and/or damages. The basis of such an action is her claimed entitlement to a share of copyright renewals. The nature of the right is such that a new claim for relief arises each time the right is invaded by defendants' failure to remit to plaintiff her due share of income derived from the renewals. Hence, if Stone is entitled to a share of renewals, a constructive trust may be imposed upon income derived from it within three years of suit. *See Brecht v. Bentley*, 185 F.Supp. 890, 894 (S.D.N.Y.1960) (cause of action to impose constructive trust on copyright accrues when defendant asserts rights in the copyright to the exclusion of plaintiff's claimed *interest* therein); *see also Dolmetta*, 712 F.2d at 18 (cause of action for imposition of constructive trust runs from occurrence of the wrongful act or event which creates the duty of restitution).

II Collateral Estoppel/*Res Judicata*

Accordingly, plaintiff is entitled to seek appropriate relief for defendants' failure to remit to her a due share of royalties received within three years of September 12,

1985 (the date her suit was commenced) if she is a "child" of Williams, Sr. within the meaning of §§ 24 and 304(a). The parties each contend that the other is either collaterally estopped or barred by *res judicata* from litigating Stone's paternity. Defendants contend that the 1967 and 1968 decisions of the Montgomery County Circuit Court are determinative on this question. Plaintiff asserts that the 1985 Alabama Supreme Court decision in *Gulf American* is similarly dispositive. We briefly summarize the history of these state court proceedings.

A. *History*

In 1963 Irene Smith, acting as guardian for Williams, Jr., assigned Williams, Jr.'s interest in the copyright renewals to Fred Rose. During state court proceedings to approve the agreement, the existence of appellant, though known by Smith and Fred Rose, was not disclosed and the agreement was approved. In 1967, Audrey Williams (Williams, Sr.'s ex-wife and the mother of Williams, Jr.) and Williams, Jr. petitioned the Montgomery County Circuit Court for final settlement of the estate. In 1968 related proceedings were instituted concerning the guardianship estate of Williams, Jr. In these proceedings the potential existence of unknown heirs was first made known to the Montgomery County Circuit Court. A guardian ad litem was appointed to represent such interests.

At issue in those proceedings was whether Williams, Jr. was the sole beneficiary entitled to inherit from Williams, Sr.'s estate. In its order of December 1, 1967, the Circuit Court ruled that there had not been sufficient

compliance with the laws of Alabama[1] to give Stone a right of inheritance from Williams, Sr. It concluded that Hank Williams, Jr. was the sole heir. The following month the same court decided plaintiff had no right to any of Williams, Sr.'s copyrights or renewals. These determinations that Stone was not an heir and not entitled to share in the estate were based on the fact that she had not been legitimized under Alabama law, *not on any finding that Stone was not the biological child of Williams, Sr.* The guardian ad litem's leave to appeal the state trial court's rulings was denied. The estate was finally closed in 1975.

In it July 5, 1989 decision the Alabama Supreme Court stated that the issue before it – in light of the trial

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[1] Ala.Code, Tit. 27, § 11 (1940)

Proceedings to legitimate bastard children; effect of:

The father of a bastard child may legitimate it, and render it capable of inheriting his estate, by making a declaration in writing, attested by two witnesses, setting forth the name of the child proposed to be legitimated, its sex, supposed age, and the name of the mother, and that he thereby recognizes it as his child, and capable of inheriting his estate, real and personal, as if born in wedlock; the declaration being acknowledged by the maker before the judge of probate of the county of his residence, or its execution proved by the attesting witnesses, filed in the office of the judge of probate, and recorded in the minutes of his court, has the effect to legitimate such child.

"It is quite possible that the 1952 custody and support agreement [*see Stone I*, 873 F.2d at 622] would have been sufficient to legitimate Stone if Stewart, the child's mother, or other parties, including the State of Alabama, had attempted to utilize this method." *Gulf American*, 554 So.2d at 364 n. 19.

court's finding that Stone was the natural child of Williams, Sr. – was whether the 1967 and 1968 judgments should be set aside and the estate reopened because of legal fraud. Stone had appealed the grant of summary judgment in favor of defendants Smith, Stewart and the estate's sureties in her third-party action. Stone did not appeal the grant of summary judgment in favor of defendants Williams, Jr., Wesley Rose and Roy Acuff in their action seeking a declaration that Stone was barred from establishing any entitlement to the estate of Williams, Sr. No appeal was taken by any party from the trial court's finding of paternity.

The State Supreme Court concluded that Smith and Stewart withheld from the court before and during the 1967 and 1968 proceedings material facts of which they were aware concerning Stone's paternity. 554 So.2d at 352-60. As administratrix and attorney for the estate, respectively, they were obliged to advise the court of Stone's existence and potential claims, and their dereliction deprived Stone of the hearing to which she was entitled. *Id.* at 359-60.

For that reason *Gulf American* set aside the 1967 and 1968 judgments as they effected Stone's right to share in her father's estate. Even though no appeal had been taken from the declaratory judgment in the action instituted by Williams, Jr., Wesley Rose and Roy Acuff as plaintiffs, the Alabama Court determined Stone's right to inherit. It noted that under present Alabama law one method for an illegitimate child to be considered an heir of its father is if paternity is established by an adjudication before the death of the father or thereafter (without

time limit) by clear and convincing proof. Such evidence as found to exist in Stone's case. *Id.* at 367 & n. 23

Although a judicial determination of paternity was not available in 1967 or 1968 as an avenue of legitimation for purposes of intestate succession, the Supreme Court of Alabama ruled that since the action was timely and properly before it, it should apply the law presently in existence. *Id.* at 368. And because Stone was not adopted at the time of Williams, Sr.'s death – the time at which her right to inherit vested – her subsequent adoption was irrelevant for purposes of intestate succession. *Id.* at 368-69. It therefore ordered the estate reopened, and declared that Stone was entitled to her proportionate share of proceeds from the estate of Williams, Sr., but prospectively only.

On Application for Rehearing, *Gulf American* addressed the contention of Williams, Jr. that its original opinion should be vacated and/or modified because he was not a party to that appeal and therefore was denied due process. In a November 9, 1989 decision the court concluded that the complaint of Williams, Jr. and Stone's third-party complaint were litigated together and were functionally identical in terms of the issues presented. *See id.* at 373. Moreover, it held Stone's third-party suit to reopen the estate was an action *in rem* over which it had jurisdiction to review the rights of all affected parties. *Id.* at 373-74. Williams, Jr.'s petition was therefore denied

B. *Discussion*

28 U.S.C. § 1738 provides that

> judicial proceedings of any court of any State . . . shall have the same full faith and credit

> in every court within the United States . . . as they have by law or usage in the courts of [the] State . . . from which they are taken.

This statute places upon federal courts the same burden as the Constitution's Full Faith and Credit clause places upon state courts – "to give the same preclusive effect to state court judgments that those judgments would be given in the courts of the State from which the judgments emerged." *Kremer v. Chemical Constr. Corp.*, 456 U.S. 461, 466, 102 S.Ct. 1883, 1889, 72 L.Ed.2d 262 (1982). *Accord Migra v. Warren City Sch. Dist. Bd. of Educ.*, 465 U.S. 75, 81 104 S.Ct. 892, 896, 79 L.Ed.2d 56 (1984); *Underwriters Nat'l Assurance Co. v. North Carolina Life & Accident & Health Ins. Guar. Ass'n*, 455 U.S. 691, 704 & n. 9, 102 S.Ct. 1357, 1366 & n. 9, 71 L.Ed.2d 558 (1982). Our statement in *Stone II* that we were "not bound by the decision of the Alabama Supreme Court – its decision involved different parties and applicable law," 891 F.2d at 404, was addressed to *Gulf American's* finding of fraud on the part of Stewart and Smith. Paternity was not then an issue before us. Unlike the laches question presented in *Stone II*, we look to Alabama law to determine whether principles of *res judicata* or collateral estoppel bar the parties' respective arguments concerning heirship and paternity. *See, e.g., Kremer*, 456 U.S. at 481-82, 102 S.Ct. at 1897-98.

Generally, *res judicata* (claim preclusion) operates to prevent the parties or their privies to a prior action from litigating any matter that was or could have been decided in a previous suit. *See Murphy v. Gallagher*, 761 F.2d 878, 879 (2d Cir.1985). Broadly speaking, "a final judgment on the merits bars further claims by the parties or their privies based on the same cause of action." *Montana v.*

United States, 440 U.S. 147, 153, 99 S.Ct. 970, 973, 59 L.Ed.2d 210 (1979). *Accord Allen v. McCurry*, 449 U.S. 90, 94, 101 S.Ct. 411, 414, 66 L.Ed.2d 308 (1980); *Henderson v. Scott*, 418 So.2d 840, 841-42 (Ala.1982); *Wheeler v. First Ala. Bank of Birmingham*, 364 So.2d 1190, 1199 (Ala.1978) (parties must be "substantially identical").

Collateral estoppel (issue preclusion) comes into play when the subsequent action is "upon a different claim or demand." *United States v. Moser*, 266 U.S. 236, 241, 45 S.Ct. 66, 67, 69 L.Ed. 262 (1924). *Accord Allen*, 449 U.S. at 94, 101 S.Ct. at 414; *Owen v. Miller*, 414 So.2d 889, 891 (Ala. 1981); *Wheeler*, 364 So.2d at 1199. In such case, "the inquiry is whether the point or question presented for determination in the subsequent action is the same as that litigated and determined in the original action." *Moser*, 266 U.S. at 241, 45 S.Ct. at 67; *accord Montana*, 440 U.S. at 153, 99 S.Ct. at 973; *Owen*, 414 So.2d at 891; *Wheeler*, 364 So.2d at 1199. In essence, the functional difference between claim preclusion and issue preclusion is that while only the former can operate to prevent litigation of a matter that has never been decided, both prevent relitigation of an issue of fact or law that has already been necessarily decided as part of a valid, final judgment. *See Migra*, 465 U.S. at 77 n. 1, 104 S.Ct. at 894 n. 1; Commentary, *Issue Preclusion in Alabama*, 32 Ala.L.Rev. 500, 501-02 (1981).

1. *Preclusive Effect of 1967 and 1968 Decrees*

Defendants' insistence that the 1967 and 1968 decrees bar Stone's claim fails for two reasons. First and foremost, those decrees were set aside by *Gulf American*, a court of competent jurisdiction, *see infra*, at 1060, insofar as they

operated to preclude Stone from sharing in Williams, Sr.'s estate. 554 So.2d at 369. A judgment vacated or set aside has no preclusive effect. *See Webb v. Webb*, 263 Ala. 607, 83 So.2d 325, 329 (1955) (reversal of decree "had the effect of annulling it in its entirety and the case stood as though no decree had ever been rendered"); Commentary, 32 Ala.L.Rev. at 512. *See also* 1B J.M. Moore et al., Moore's Federal Practice ¶ 0.416[2], at 517 (2d ed. 1992) (judgment that has been vacated, reversed or set aside on appeal is deprived of all conclusive effect); Restatement (Second) of Judgments § 13 cmt. f (1980) (judgment ceases to be final for purposes of res judicata or collateral estoppel if set aside by trial court).

Second, the 1967 and 1968 proceedings did not reach the question of *paternity*, holding that even if Williams, Sr. was Stone's father, she was not his heir only because of a failure to meet statutory legitimation requirements. Paternity was not decided until the trial court in the *Gulf American* litigation made such a determination, in Stone's favor, in 1987. Thus, whatever preclusive effect the 1967 and 1968 decrees had was limited to heirship.

Intervening changes in federal constitutional and Alabama law regarding inheritance rights of illegitimate children would not alone provide a basis for Stone to relitigate this question. *See, e.g., Moser*, 266 U.S. at 242, 45 S.Ct. at 67 (issue preclusion applies to mixed questions of law and fact); Commentary, 32 Ala.L.Rev. at 513 (change in law as result of judicial decisions generally provides no basis for relitigation if change based on application of law to facts); *Trimble v. Branco Prods., Inc.*, 351 So.2d 1357, 1362 (Ala.1977). Nonetheless, because the Montgomery County Circuit Court did not have before it full and

complete information relevant to the question of whether Stone qualified as an heir, its decision, based on misinformation, does not bar "relitigation" of the preliminary question of paternity. *See Montana*, 440 U.S. at 159, 99 S.Ct. at 976 (change in facts essential to a judgment renders collateral estoppel inapplicable); *Jackson v. DeSoto Parish Sch. Bd.*, 585 F.2d 726, 729 (5th Cir.1978) (modification of significant facts creating new legal conditions allows relitigation). *See also Montana*, 440 U.S. at 164 n. 11, 99 S.Ct. at 979 n. 11 (redetermination of issues warranted if there is reason to doubt the quality, extensiveness or fairness of procedures followed in prior litigation); Restatement (Second) of Judgments § 73(2) (1980) (judgment may be modified if there has been such a substantial change in circumstances that giving continued effect to it is unjust).

Hence, plaintiff is not barred either by *res judicata* or collateral estoppel from litigating the question of her paternity. Whether the legal effect (heirship) of such a determination should be analyzed according to then-existing or present Alabama law is a separate question we will discuss in a moment.

2. *Preclusive Effect of* Gulf American

We turn now to analyze whether *Gulf American's* determination that Stone is the natural child of Williams, Sr. is binding on defendants. There is no serious dispute that Stone's status as a biological child of Williams, Sr. was actually litigated, determined and necessary to the judgment. Accordingly, we need not be concerned with whether the present suit and the Alabama suits are based

on the same cause of action, *i.e.*, whether the preclusive effect of *Gulf American* is to be analyzed under principles of *res judicata* or collateral estoppel. Defendants assert, though, that the decision is not "final" for purposes of preclusion because *Gulf American* remanded the matter for further proceedings. *See* 554 So.2d at 370. Alabama courts, like federal courts, generally apply the same test of finality for purposes of preclusion as they do for appealability. *See First Ala. Bank of Montgomery v. Parsons Steel*, 825 F.2d 1475, 1480 (11th Cir.1987), *cert. denied*, 484 U.S. 1060, 108 S.Ct. 1015, 98 L.Ed.2d 980 (1988); Commentary, 32 Ala.L.Rev. at 511. Defendants contend that the *Gulf American* decision is not final for purposes of appealability, and therefore is not final for purposes of preclusion.

Defendants are correct that ordinarily a decision accompanied by a remand with orders to proceed consistent with the opinion is not "final." *See Cox Broadcasting Corp. v. Cohn*, 420 U.S. 469, 476-77, 95 S.Ct. 1029, 1036-37, 43 L.Ed.2d 328 (1975). But, such a decision generally is appealable when the *issue* to be addressed on appeal is final in the sense that it is not subject to further modification on remand. *Compare id.* at 485, 95 S.Ct. at 1041 (finality for purposes of review of state court judgments under then 28 U.S.C. § 1257 exists where, despite remand, decision "is plainly final on the federal issue and is not subject to further review in the state courts") *with San Diego Gas & Elec. Co. v. City of San Diego*, 450 U.S. 621, 632-33, 101 S.Ct. 1287, 1294-95, 67 Ed.2d 551 (1981) (finding of "taking" not appealable as final until amount of compensation fixed). *See also Woodruff v. Smith*, 127 Ala. 65, 28 So. 736, 739-40 (1900) (in action to settle claims to

land, decree in which every question affecting the rights and equities of the parties was fully determined, leaving nothing to do but shape appropriate relief, is final for purposes of appeal).

Similarly, a judgment is considered final for purposes of issue preclusion if "the conclusion in question is procedurally definite." Restatement (Second) of Judgments § 13 cmt. g (1980). *See also Id.* cmt. b (for *res judicaia*, judgment ordinarily considered final if not contingent and represents completion of all steps in the adjudication short of execution or enforcement); *Zdanok v. Glidden Co.*, 327 F.2d 944, 955 (2d Cir.) (Friendly, J.) (collateral estoppel does not require a judgment which ends the litigation; once liability established, the mere fact that damages have not yet been fixed does not deprive the liability determination of any preclusive effect it might otherwise have), *cert. denied*, 377 U.S. 934, 84 S.Ct. 1338, 12 L.Ed.2d 298 (1964). Alabama courts have similarly assessed finality for purposes of preclusion by reference to "the quality of the judgment as to the issue . . . adjudicated." (*Sterling Oil of Okla, Inc. v. Pack*, 291 Ala. 727, 287 So.2d 847, 861 (1973) (per curiam) (grant of partial summary judgment entitled to preclusive effect). The decision in *Gulf American* being conclusive on the question of Stone's paternity, leaving open only the questions of appropriate relief and the manner in which the holding was to be enforced, is "final" for purposes of preclusion.

Consequently, *Gulf American's* determination on paternity is not open to attack by defendants, if they are bound by that judgment. As noted, the preclusive effect of the *Gulf American* decision must be assessed under Alabama law. If defendants are so bound, due process

proscribes giving effect to that determination unless the party (or its privy) against whom the prior adjudication is being asserted had a full and fair opportunity to litigate the issue in that prior adjudication. *See Kremer*, 456 U.S. at 480-81 & n. 22, 102 S.Ct. at 1896-97 & n. 22; *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 329-33, 99 S.Ct. 645, 650-53, 58 L.Ed.2d 552 (1979); *Blonder-Tongue Labs, Inc. v. University of ILL. Found.*, 402 U.S. 313, 329, 91 S.Ct. 1434, 1443, 28 L.Ed.2d 788 (1971).

Williams, Jr.,: Alabama courts, in accordance with general principles of law, require that before one may be bound by a determination in a prior suit he or she must have had (or been in privity with one who had) "an interest sufficiently close to the matter litigated and . . . an adequate opportunity to litigate the issue in the prior proceeding." *Owen*, 414 So.2d at 891 (non-party to proceeding who was present and testified at that proceeding bound by outcome). Of importance is whether the "party" against whom estoppel is asserted had an opportunity to make an argument regarding the issue litigated, so that his or her interest in the matter was passed upon in the court's prior disposition *See id.* at 891-92. For purposes of preclusion,

> Alabama courts recognize that certain persons, *although not officially named or brought before the court, should be treated as parties* and go beyond the record to include those persons who took part in the trial . . . The rationale . . . is that the nonparty, in actuality, had a fair opportunity to litigate his interest in the issue in the first action.

Commentary, 32 Ala.L.Rev. at 519 (emphasis added; internal footnotes omitted). *See Hudson v. Wright*, 164 Ala. 298, 51 So. 389, 391 (1909) (court "will look beyond the record and treat *as parties* all who in fact are found to have acted a part . . . whether their interference was irregular or not") (emphasis added); *Moody v. Moody*, 339 So.2d 1030, 1034 (Ala.Civ.App.) (same), *cert denied*, 339 So.2d 1035 (Ala.1976). As to Williams, Jr., this is satisfied here.

Williams, Jr., Wesley Rose and Roy Acuff instituted the state court action that culminated in the *Gulf American* decision. The issue of paternity litigated in the trial court in that action was resolved in favor of Stone. This record, and a *priori*, Williams, Jr.'s contentions, were before the *Gulf American* Court. That Williams, Jr. was not officially named as a party is not dispositive on the question of whether his interests were known to and considered by the Alabama Supreme Court. *See Owen*, 414 So.2d at 891-92; *Hudson*, 51 So. at 391; *Moody*, 339 So.2d at 1033-34.

Gulf American regarded Stone's third-party complaint seeking to reopen the estate as an action *in rem*, "not essentially different from the prayer of Williams, Jr., for relief in his declaratory judgment action." 554 So.2d at 373. Thus, it held "the claims of the various parties [were] so intertwined and the factual situation so unique that notions of fairness require[d] that the entire controversy be settled in one proceeding." *Id.* at 374. This included Williams, Jr.'s interests. *See id. See also City of Tuscaloosa v. Fair*, 232 Ala. 129, 167 So. 276, 282-83 (1936) (where defendants' interest are not separate and independent, reversal of verdict as against one requires reversal of otherwise valid verdict against the other). The Alabama Supreme

Court explicitly noted "the position advanced by Williams, Jr., that Stone was not an 'heir' was adequately presented." 554 So.2d at 375. Since Alabama's highest court has effectively determined that Williams, Jr. is properly bound by its decision, we may not conclude otherwise. *See Kremer,* 456 U.S. at 481-82, 102 S.Ct. at 1897-98 (§ 1738 does not allow federal courts to employ their own rules in determining the preclusive effect of state court judgments; federal court is commanded to accept the rules chosen by the state from which the judgment is taken).

Williams, Jr. further insists that the Alabama Supreme Curt was not a court of competent jurisdiction, and therefore its judgment is not entitled to preclusive effect. This argument derives from the fact that under Alabama law, the failure to file an appeal is *jurisdictional. See, e.g., Threadgill v. Birmingham Bd. of Educ.,* 407 So.2d 129, 131-32 (Ala.1981); *Stewart v. Younger,* 375 So.2d 428 (Ala.1979) (per curiam). It is thus argued that Stone's failure to appeal the grant of summary judgment in favor of Williams, Jr. deprived the Alabama Supreme Court of jurisdiction over him, which was required in order to pass on the question of whether Stone was entitled to a share of Williams, Sr.'s estate. Again, *Gulf American* decided it had *in rem* jurisdiction to determine whether Stone was entitled to share in the estate. *See* 554 So.2d at 371-75. In deciding that Stone was entitled to share, it necessarily adjudicated paternity and concluded it had jurisdiction over the parties affected by the judgment. *See id; see also City of Huntsville v. Goodenrath,* 13 Ala.App. 579, 68 So. 676, 682 (judgment *in rem* is conclusive with

respect to matters upon which such judgment is necessarily founded), *cert. denied,* 194 Ala. 568, 69 So. 629 (1915).

Because a court's adjudication is conclusive only if it had power to pass on the merits of the action, *see Underwriters Nat'l Assurance,* 455 U.S. at 704-05, 102 S.Ct. at 1365-66; *Williams v. North Carolina,* 325 U.S. 226, 229, 65 S.Ct. 1092, 1094-95, 89 L.Ed. 1577 (1945), one may collaterally attack the subject matter or *in personam* jurisdiction of the court rendering a judgment put forth as preclusive. *See, e.g., Treinies v. Sunshine Mining Co.,* 308 U.S. 66, 78, 60 S.Ct. 44, 50, 84 L.Ed. 85 (1939). Nonetheless, principles of preclusion apply equally to jurisdictional matters. *Id.; Underwriters Nat'l Assurance,* 455 U.S. at 706 & n. 13, 102 S.Ct. at 1367 & n. 13. Consequently, our function is not to decide *de novo* the question of the rendering court's jurisdiction, but rather merely to ask whether "those questions have been fully and fairly litigated and finally decided in the court which rendered the original judgment." *Durfee v. Duke* 375 U.S. 106, 111, 84 S.Ct. 242, 245, 11 L.Ed.2d 186 (1963). *See Williams,* 325 U.S. at 230, 65 S.Ct. at 1095; *see also Underwriters Nat'l Assurance,* 455 U.S. at 706-08 & n. 15, 102 S.Ct. at 1366-68 & n. 15 (any doubts over whether first court purported to exercise subject matter and/or personal jurisdiction definitively settled by that court's subsequent decision on petition for instructions). *Gulf American* purported to exercise jurisdiction over the subject matter of the estate and over Williams, Jr. In light of the character of the dispute and its discussion of the matter on the Application for Rehearing, the issue was fully and fairly decided. *Cf. Mullane v. Central Hanover Bank & Trust Co.,* 339 U.S. 306, 313, 70

S.Ct. 652, 656, 94 L.Ed. 865 (1950) (whether due process afforded turns in part on "the nature of the case").

Any challenge to the Alabama Supreme Court's jurisdiction – whether *in personam* or subject matter – once adequately addressed and determined by that court, lay only on direct review. *See Underwriters Nat'l Assurance*, 455 U.S. at 708-09 n. 15, 102 S.Ct. at 1367-68 n. 15; *Treinies*, 308 U.S. at 77 & n. 21, 60 S.Ct. at 50 & n. 21. *Cf. Hedrick v. Grimes Motor Co.*, 275 Ala. 322, 154 So.2d 677, 681 (1963); *see also* Restatement (Second) Conflict of Laws §§ 96, 97, (1969). Since the United States Supreme Court denied Williams, Jr.'s petition for certiorari, he may not now collaterally attack the jurisdictional aspects of the *Gulf American* decision any more than he may attack it on the merits. *See generally* D. Dobbs, *The Validation of Void Judgments: The Bootstrap Principle, Part II – The Scope of Bootstrap*, 53 U.Va.L.Rev. 1241, 1241-44 (1967).

The same reasoning applies to Williams, Jr.'s due process contentions that were also addressed in *Gulf American*. *See* 554 So.2d at 371; *Williams v. Adkinson*, 792 F.Supp. 755 (M.D.Ala.1992) (dismissing for lack of federal jurisdiction Williams, Jr.'s action against Stone and state court trial judge presiding over remand in *Gulf American* suit, concluding that Williams, Jr.'s federal claims were "inextricably intertwined" with his state claims presented to, and rejected by, Alabama Supreme Court). *See also Kremer*, 456 U.S. at 481, 102 S.Ct. at 1897 (state proceedings need do no more than satisfy the minimal procedural requirements of due process to qualify for full faith and credit). Thus, *Gulf American* is valid for purposes of preclusion and Williams, Jr. is a "party" bound thereby.

Other Defendants: Neither the Berlin nor the other Acuff/Rose defendants were involved in the third-party action leading to *Gulf American* and consequently may only be bound by findings of fact made in that case if they are found to be (or, more properly, if an Alabama court would find them to be) in privity with a party bound by such findings. "Privity," as used in Alabama for purposes of preclusion, encompasses a non-party whose "interests were adequately represented by a party in the prior suit, and [whose] relationship [with the party to the prior suit] is not so attenuated as to violate due process." *Whisman v. Alabama Power Co.*, 512 So.2d 78, 82 (Ala.1987). *See* Commentary, 32 Ala.L.Rev. at 521 (recent tendency of Alabama courts is to analyze privity as an identity of interests). We think the relationship of the other defendants vis-a-vis Williams, Jr. satisfies this test.

The Alabama courts generally have given final judgments broad preclusive effect:

> Judgments can bind persons not party (or privy) to the litigation in question where the nonparties' interests were represented adequately by a party in the original suit. . . . A person may be bound by a judgment even though not a party to a suit *if one of the parties to the suit is so closely aligned with his interests as to be his virtual representative.*

Century 21 Preferred Properties, Inc. v. Alabama Real Estate Comm'n, 401 So.2d 764, 770 (Ala.1981) (plurality opinion) (emphasis added). The term "privity" is used to encompass both those who share successive or mutual relationships to rights of property, and those who have an identity of interest in the subject matter of the litigation.

See, e.g., Sosebee v. Alabama Farm Bureau Mut. Casualty Ins. Co., 56 Ala. App. 334, 321 So.2d 676, 678 (Ala.Civ.App. 1975). As used in the cited passage, the term denotes the former class of nonparties which may be bound by a prior adjudication. Whether a nonparty has an "identity of interests in the subject matter of [the prior] litigation" as did a party, so as to be considered a privy bound thereby, "turns on whether the relationship between the parties [is] close enough." *Hughes v. Martin*, 533 So.2d 188, 191 (Ala.1988) (per curiam) (quoting Commentary, 32 Ala.L.Rev. at 520-21). Thus, the question is whether the interests of the other defendants are sufficiently identical to the interests of Williams, Jr. – on the issue of Stone's paternity – and the defendants' relationship is close enough so as to conclude that those interests were adequately represented in the *Gulf American* litigation.

Century 21 is instructive. That case involved a challenge to an Alabama regulation concerning franchise advertising brought by certain real estate franchisees. The Alabama Real Estate Commission and its members, as defendants claimed that a former federal court adjudication upholding the regulation was *res judicata*, as identical issues were raised. Despite the fact that the prior federal court litigation was brought by other franchisees, it was held that plaintiffs were bound by the prior decision. 401 So.2d at 770. Although the plaintiffs in the two actions were not identical, they were "substantially identical" and the present plaintiffs' "rights . . . were adequately represented in the federal litigation [in] that identical parties in interest" litigated the question previously. *Id.*

The other defendants and Williams, Jr. are likewise "identical parties in interest" in relation to the issue as to

which preclusion is asserted. The issue presented by the *Century 21* plaintiffs was precisely the same as that asserted by the plaintiffs in the prior federal court action – the validity of the Alabama regulation. Their interests – as real estate franchisees – were legally identical to those of the prior plaintiffs. And the state and federal court plaintiffs had a sufficiently close relationship to warrant binding both by the prior adjudication. So here. The issue contested by the defendants – Stone's paternity – is identical to that litigated by and determined against Williams, Jr. Their legal interest – the maintenance of the *status quo* concerning who is entitled to a share, whether it be in the estate as a whole or in copyright renewals specifically, in the legacy of Williams, Sr. – is identical as well. *Cf. Hughes*, 533 So.2d at 190-91 (joint tort-feasors have substantially identical legal interests for purposes of preclusion on question of negligence). Hence, Williams, Jr. and the remaining defendants have a sufficiently close relationship to warrant binding the latter by the prior adjudication. *See Southwest Airlines Co. v. Texas Int'l Airlines*, 546 F.2d 84, 95, 98 (5th Cir.) ("privity" denotes legal conclusion that the relationship is sufficiently close to afford application of the principle of preclusion; preclusion is appropriate as to those whose interests were represented adequately by a party in the original suit where the original party represented the only legal interests held by second party), *cert. denied*, 434 U.S. 832, 98 S.Ct. 117, 54 L.Ed.2d 93 (1977). Whatever adverse legal interests the Acuff/Rose and Berlin defendants may have *inter sese*, their legal interest concerning Stone's claimed paternity is identical.

Defendants assert that preclusion is nonetheless inappropriate as to them because the "subject matter" of the prior adjudication was Stone's ability to share in Williams, Sr.'s estate. Here the "subject matter" is Stone's ability to claim renewal copyrights in Williams, Sr.'s compositions. This distinction has only superficial appeal – the question is not whether the subject matter of the suits is identical, but whether the parties have an identical interest in that subject matter. *Cf. Owen*, 414 So.2d at 891. *The Gulf American* suit centered on Stone's ability to inherit from Williams, Sr. Her entitlement to copyright renewals, in turn, depends on her ability to inherit. *See infra*, at 1064-67. It is therefore no answer to say that the defendants other than Williams, Jr. claim no interest in the estate, as such, of Williams, Sr. To stress the distinction in the subject matter of the two suits elevates form over substance. *Cf. Alabama Farm Bureau Mut. Casualty Ins. Co. v. Moore*, 349 So.2d 1113, 1115-16 (Ala.1977) (insured and insurer do not have identity of interests in defending tort action where for insurer to protect its own interests would result in increasing insured's liability). In terms of its legal effect on Stone's entitlement to copyright renewals, her suit asserting a claim to Williams, Sr.'s estate is "identical." Further, as already pointed out, the legal interests of the other defendants and Williams, Jr. on the question of Stone's paternity are identical.

In sum, Williams, Jr. and the remaining defendants have parity of interests in the subject mater of the prior litigation – Stone's ability to inherit from Williams, Sr. *See Southwest Airlines*, 546 F.2d at 100 n. 58 (crucial factor is congruence of legal interest); *see also* A. Vestal, *Preclusion/ Res Judicata Variables: Parties*, 50 Iowa L.Rev. 27, 45, 60

(1964) (emphasis in privity analysis is upon the policy of ending litigation where there has been a fair trial of one's interests; preclusion appropriate where party in second suit has no greater interest than did participant in first suit). Accordingly, these defendants are bound as is Williams, Jr. by the prior adjudication of this issue.

3. *Due Process Concerns*

Defendants argue that due process bars the application of preclusion to them on the question of Stone's status as a biological child of Williams, Sr. It is true that a judgment will not be given preclusive effect if " 'the party against whom an earlier court decision is asserted did not have a full and fair opportunity to litigate the claim or issue decided by the first court.' " *Haring v. Prosise*, 462 U.S. 306, 313, 103 S.Ct. 2368, 2373, 76 L.Ed.2d 595 (1983) (quoting *Allen*, 449 U.S. at 101, 101 S.Ct. at 418). But this principle is of no avail to these defendants. They are bound by *Gulf American* not because they were parties, but because they are in "privity" with a party. A privy is one who did not itself litigate the issue decided in the first proceeding. *See* Vestal, 50 Iowa L.Rev. at 60; *cf.* Restatement (Second) of Judgments § 41(2) (1980). But this is not violative of due process. *Cf. Martin v. Wilks*, 490 U.S. 755, 763, 109 S.Ct. 2180, 2185, 104 L.Ed.2d 835 (1989) (unless duly summoned to appear, " 'a person *not a privy* may rest assured that [the] judgment . . . will not affect his legal rights' ") (quoting *Chase Nat'l Bank v. Norwalk*, 291 U.S. 431, 441, 54 S.Ct. 475, 479, 78 L.Ed. 894 (1934)) (emphasis added); *Parklane Hosiery*, 439 U.S. at 327 n. 7, 99 S.Ct. at 649 n. 7 (due process violated if judgment

binding on a litigant who was not a party *or in privity* and therefore never had an opportunity to be heard).

Due process does not protect the ability of one not a "stranger[] to [a prior] proceeding[]" subsequently to bring suit or go to trial, but rather protects that party's right to have his or her legal interests presented to and considered by a court of competent jurisdiction in adjudicating matters that will impact upon those legal interests. *See Martin*, 490 U.S. at 762 & n. 2, 109 S.Ct. at 2184 & n. 2; *Southwest Airlines*, 546 F.2d at 102. *Cf. Hansberry v. Lee*, 311 U.S. 32, 44-5, 61 S.Ct. 115, 119-20, 85 L.Ed. 22 (1940) (due process not satisfied where those allegedly in privity with party in prior suit had potentially conflicting interests). In order to foster finality and respect for judicial decisions, due process cannot be held to require matters that have already been considered by a court of competent jurisdiction to be passed upon again at the behest of one whose legal interests were fairly represented in the prior proceeding.

In the end, estoppel determinations turn on the court's sense of justice and equity. *Blonder-Tongue*, 402 U.S. at 334, 91 S.Ct. at 1445. Considering the countervailing interests at stake, *see Lalli v. Lalli*, 439 U.S. 259, 268, 99 S.Ct. 518, 524, 58 L.Ed.2d 503 (1978) (plurality opinion) (states have strong interest in determining disposition of property at death), and the equities at hand, we do not believe it fundamentally unfair or incompatible with notions of justice or due process to bind defendants by *Gulf American's* findings of paternity. *Cf. Gray v. Richardson*, 474 F.2d 1370, 1372-73 (6th Cir.1973) (in action for entitlement to social security benefits, Secretary of

Health, Education and Welfare should accept determination of paternity previously made by state court of competent jurisdiction in suit litigated by parties with opposing interests). *See also* Restatement (Second) of Judgments § 31 cmt. b (1980) (in the absence of "strongly countervailing interests" the determination of status in a proceeding for that purpose is conclusive on all persons). In short, the unique character of this case and the relationship between Williams, Jr. and the remaining defendants that justify classifying them as "privies" are sufficient to withstand a due process challenge.

III Copyright Renewals

We have thus concluded that plaintiff's action is not barred by the statute of limitations and that defendants may not challenge the determination of the Alabama Supreme Court that Stone is the natural child of Williams, Sr. Defendants nonetheless contend that Stone is not entitled to a share of copyright renewals. Although this question was not passed upon by the district court we address it because the facts are undisputed and the legal question presented in this seven-year-old litigation has been fully briefed by the parties.

Both § 24 of the 1909 Act, as amended, and § 304(a) of the 1976 Act state that if the author is not living when the original copyright term expires, then the author's "widow, widower, or children" shall be entitled to the copyright renewal. The 1909 Act governs Stone's entitlement to copyright renewals for works already in their renewal term as of January 1, 1978, the effective date of the 1976 Act. The 1976 Act governs Stone's entitlement to

copyright renewals for previously copyrighted works not yet in their renewal term as of January 1, 1978. *See* B. Ringer, "Renwal of Copyright," *Studies on Copyright* 503, 577 (1960). Under the 1909 Act copyrights are entitled to a 28-year renewal term, and the 1976 Act provides an additional 19-year renewal term. *See* 17 U.S.C. § 304(b). For copyrights subsisting under the 1909 Act in their original term as of January 1, 1978, upon expiration of the 28-year original term, the copyright may be renewed for an additional 47 years. *Id.* § 304(a). *See Generally* 2 Nimmer, § 9.01[C], at 9-18-21.

For works copyrighted after January 1, 1978 statutory protection extends for a continuous term equal to the life of the author plus 50 years, 17 U.S.C. § 302(a), with a right of termination, *Id.* § 203, designed to provide for the continuing support of an author and his or her dependents by allowing them to avoid the harshness of earlier unremunerative transfers. *See* 3 Nimmer § 11.01, at 11-2-3. The termination right also extends to the "new" 19-year renewal term for works copyrighted under the 1909 Act, whether renewal was registered under the 1909 or 1976 Act. *See* 17 U.S.C. § 304(c). *See also Larry Spier, Inc. v. Bourne Co.*, 953 F.2d 774, 778 (2d Cir.1992) (§ 304(c) is designed to protect property rights of widows and children in copyrights). Some of Williams, Sr.'s works are subject to the 47-year renewal period under the 1976 Act, others to the 28/19-year period under the 1909/1976 Act "merger."

A. *The 1909 Act*

Defendants' position is that even if Stone is a natural child of Williams, Sr., she is not a "child" for purposes of either the 1909 or 1976 Acts. The 1909 Act did not define

"child" for purposes of determining the class of beneficiaries entitled to claim renewal copyrights under § 24. In *De Sylva v. Ballentine*, 351 U.S. 570, 76 S.Ct. 974, 100 L.Ed. 1415 (1956), the Supreme Court held that whether an illegitimate child is entitled to copyright renewals is to be determined according to state law. *Id.* at 580-81, 76 S.Ct. at 979-80. The Court noted that Congress' aim in awarding an author's "widow, widower or children" copyright renewals was to provide for them after the author's death. *Id.* at 582, 76 S.Ct. at 980-81; *See also Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 650-51, 63 S.Ct. 773, 776-77, 87 L.Ed. 1055 (1943) (discussing purpose of 1831 Act, 4 Stat. 436, which, for the first time, provided for passing of renewal term to author's widow or children if author failed to survive to renewal). Thus, as to those persons designated as beneficiaries under the statute, it "is really a question of the descent of property, and . . . the controlling question under state law should be whether the child would be an heir of the author" entitled to claim under intestacy statutes. *De Sylva*, 351 U.S. at 582, 76 S.Ct. at 980-81.

There is no dispute that Alabama law – as Williams, Sr.'s domicile at his death – governs whether Stone is entitled to claim as an heir. Nor is there any dispute as-to *what* the law of Alabama provides concerning intestate distribution to illegitimate children. Rather, the issue is *which* Alabama law concerning intestate distribution to illegitimate children controls.

Defendants urge that Stone's right to renewals under the 1909 Act must be assessed by Alabama law in effect as of January 1, 1978. Prior to 1979 Alabama provided for inheritance by an illegitimate child through its father

only if 1) the parents were later married and the father recognized the child, or 2) there was a written declaration by the father, attested by two witnesses, and filed with the judge of probate. *Gulf American*, 554 So.2d at 364; *see also Everage v. Gibson*, 372 So.2d 829, 833 (Ala.1979) (adding as third avenue an adjudication of paternity), *cert. denied*, 445 U.S. 931, 100 S.Ct. 1322, 63 L.Ed.2d 765 (1980). Since Stone meets neither of these conditions, defendants insist, she is not an heir under Alabama law as it existed in 1978 and therefore is not entitled to copyright renewals. In other words, though the fraud perpetrated on Stone prevented her from asserting her rights until 1979, her entitlement must be assessed under the law in existence while she was being victimized. We are unable to adopt this reasoning. *Compare Jerry Vogel Music Co. v. Edward B. Marks Music Corp.*, 425 F.2d 834, 836 (2d Cir.1969) (Friendly, J.) (because prior transactions had been carried out *in good faith without knowledge* that illegitimate child might have claim to renewal copyrights, current law should not be applied); *Collier v. Shell Oil Co.*, 534 So.2d 1015, 1018 (Miss.1988) (*bona fide* purchasers for value not subjected to divestment of title by virtue of change in law regarding inheritance rights of illegitimate children).

As a general rule, a court must apply the law regarding intestate succession as it exists when the case comes before it for decision. *See Reed v. Campbell*, 476 U.S. 852, 856, 106 S.Ct. 2234, 2237, 90 L.Ed.2d 858 (1986) (law to be applied concerning illegitimate child's ability to inherit is that governing at time claim to decedent's estate is made – when court required to make a decision). *See also Everage*, 372 So.2d at 833-834 (applying law regarding

illegitimate child's ability to inherit in effect at time of decision). Not until 1979 could the question of Stone's entitlement to a share of Williams, Sr.'s estate properly – that is, not clouded by fraud and incomplete information – come before the Alabama courts. We are not faced with the "retroactive" application of a "new" law because there never was a fair application of the "old" law.

Once the Alabama Supreme Court determined that Williams, Sr.'s estate should be reopened, 554 So.2d at 352-63, it applied current Alabama law, and concluded Stone was an heir entitled to inherit. *Id.* at 367 & n. 23. *See Cotton v. Terry*, 495 So.2d 1077, 1079 (Ala.1986) (per curiam) (paternity of illegitimate child may be established after the death of the father if supported by clear and convincing evidence). Because Stone's entitlement to copyright renewals under the 1909 Act turns on her ability to inherit under state intestacy law, *De Sylva*, 351 U.S. at 580-82, 76 S.Ct. at 979-81, and since the interpretation of a state's laws by that state's highest court is binding on us, *see, e.g. Groppi v. Wisconsin*, 400 U.S. 505, 507, 91 S.Ct. 490, 491, 27 L.Ed.2d 571 (1971); 28 U.S.C. § 1652, plaintiff is entitled to an appropriate share of copyright renewals for copyrights renewed under the 1909 Act. It would be anomalous and contrary to the state-law approach of *De Sylva* to hold that though Stone is entitled to a share of Williams, Sr.'s estate, she is not entitled to a share of copyright renewals.

Not surprisingly, the Berlin defendants object to what they see as the retroactive application of a statute to determine membership in the closed class of persons entitled to an interest in the 1909 Act renewal copyrights. But their argument rests on a faulty premise – this is not a

case of a *subsequent statutory provision* being utilized to determine membership in a "closed" class. Rather, here the class was found to be improperly, *i.e.*, not yet, closed. Moreover, this finding was not based on a subsequent law redefining who should be in the class, but instead on the *fraud* perpetrated in originally determining which persons were in the class. Once reopened, the new law was properly "utilized" to determine membership in the now open class of those entitled to share. *Cf. Reed*, 476 U.S. 856, 106 S.Ct. at 2237; *Collier*, 534 So.2d at 1018.

The Acuff/Rose defendants similarly insist that the Alabama Court improperly applied *Trimble v. Gordon*, 430 U.S. 762, 97 S.Ct. 1459, 52 L.Ed.2d 31 (1977) (invalidating on equal protection grounds probate law allowing illegitimate children to inherit through their fathers only if parents subsequently married and father acknowledged child) retroactively as a wedge to reopen Williams, Sr.'s already closed estate thereby giving Stone a chance to qualify as an heir. The Alabama Court, defendants continue, then created a duty of disclosure based on Stone's possible heirship, which it found breached by a legal fraud.

The reasoning misreads *Gulf American*. Its finding of a "legal duty underpinning the determination of legal fraud" had nothing to do with the ability of an illegitimate child to inherit under present law as opposed to then-existing law. Rather, in addressing Stone's claim that there had been a conspiracy "to keep certain facts relating to her existence, identity, and potential claim to the estate of Hank Williams concealed from the court," the Court found

> substantial evidence from which a factfinder could conclude that third-party defendants Robert Stewart and administratrix Irene Smith and other withheld from the court before and during the 1967 and 1968 proceedings material facts concerning the issue of Stone's *paternity*.

554 So.2d at 352 (emphasis added). The legal duty to disclose such information was based on the fact that

> both Stewart and Smith had a legal obligation, *as either the attorney or administrator of the estate or because of the particular circumstances involved,* to advise the court at the earliest possible date that the Stone child existed and possessed potential claims to the estate as an heir, being a natural child of the deceased . . . *Because the corpus of the estate involved copyright renewals, and because illegitimates could share in such rights under federal law, the "particular circumstances" of this case make the obligation a weightier one.* The evidence shows that Stewart, as administrator, and as attorney for Smith, knew that the child had a substantial claim to the copyright renewals. . . . We cannot say that Smith's and Stewart's concealment did not affect the judgments ultimately rendered in the 1967 and 1968 proceedings . . .

Id. at 359-60 (second emphasis in original).

The first italicized statement lays out the legal duty which was breached. The second italicized statement does not go to the *existence* of the duty to disclose, but rather, quite plainly, to its weight. This weight, moreover, stemmed from the law *as it existed in 1967 and 1968*. At that time *De Sylva* made quite clear that illegitimate children *could* share in copyright renewals. This is all *Gulf*

American stated. *See also supra*, n. 1. Contrary to defendants' suggestion, the duty upon which the finding of fraud was based was a duty existing and as defined in 1967 and 1968, not a duty as defined in 1979 and then applied retroactively to the 1967 and 1968 proceedings.

De Sylva directs federal courts to assess entitlements to copyright renewals under § 24 by reference to state intestacy law. In determining Stone's entitlement to Williams, Sr.'s estate the Alabama Supreme Court applied present law. Under present Alabama law, Stone may inherit from Williams, Sr.'s estate because she is a natural child who was not "adopted-out" at the time of his death. *Gulf American*, 554 So.2d at 368-69. *See also Hill & Range Songs, Inc. v. Fred Rose Music, Inc.*, 403 F.Supp. 420, 429 (M.D.Tenn.1975) (status as "widow" entitled to copyright renewals is indefeasibly vested at moment of author's death and not affected by subsequent remarriage), *aff'd*, 570 F.2d 554 (6th Cir. 1978); 17 U.S.C. § 101 (definition of "widow" and "widower"). As a result, Stone is entitled to a share of copyright renewals under § 24 of the 1909 Act.

B. *The 1976 Act*

As to works copyrighted prior to January 1, 1978 but which did not come into their renewal term until after that date, the determination of whether one is a "child" entitled to claim such renewals under § 304(a) involves somewhat different considerations. Although § 304(a), like § 24, provides that an author's "widow, widower or children" are entitled to copyright renewals, unlike the 1909 Act, § 101 of the 1976 Act defines children: "A person's 'children' are that person's immediate offspring,

whether legitimate or not, and any children legally adopted by that person."

Defendants assert that by adding a definition of children Congress planned that the determination of one's status as a child, including for purposes of an entitlement to copyright renewals, would be a matter of federal law, supplanting the state law approach taken in *De Sylva*. Defendants further insist that the light of the purposes of copyright renewals – to provide support for an author's dependents – adopted-out children, such as Stone, should not be entitled to such renewals.

We do not think § 101 commands a uniform federal definition of "children" for purposes of copyright renewals under § 304(a). Concededly, Congress added the definition in § 101 so that "[t]he terms 'widow,' 'widower,' and 'children' [would be defined so as] to avoid problems and uncertainties that have arisen under the [1909 Act's] renewal section." H.R.Rep. No. 1476, 94th Cong., 2d Sess. 125, *reprinted in* 1976 U.S.Code Cong. & Admin.News 5659, 5741. This statement was made in discussing the termination provision that provides that a dead author's termination interest is owned and may be exercised by "his widow or her widower and his or her children or grandchildren." 17 U.S.C. § 203(a)(2). Significantly, "no reference is made to these statutory definitions in the House Report commentary upon § 304(a)." 2 Nimmer § 9.04[A][2], at 9-50. *See Larry Spier*, 953 F.2d at 779 (sections 203 and 304 involve different rights; references to legislative history discussing § 203 are therefore inappropriate in construing § 304). To the contrary, the legislative history explicitly states that § 304(a)

> reenacts and preserves the renewal provision, now in section 24 of the [1909 Act], for all of the works [as of January 1, 1978] in their first 28-year term. A great many of the present expectancies in these cases are the subject of existing contracts, and it would be unfair and immensely confusing to cut of *or alter* these interests. . . . [T]he bill preserves the language of the [1909] renewal provision *without any change in substance.*

H.R.Rep. No. 1476, 94th Cong., 2d Sess. 139, *reprinted in* 1976 U.S.Code Cong. & Admin.News 5659, 5755 (emphasis added). *See also Frederick Music Co. v. Sickler,* 708 F.Supp. 587, 589 (S.D.N.Y.1989) (there is no pertinent distinction in language or intention between §§ 304(a) and 24); *Saroyan v. William Saroyan Found.*, 675 F.Supp. 843, 845 n. 7 (S.D.N.Y.1987) (§ 304(a) reenacted § 24 without substantive change), *aff'd mem.*, 862 F.2d 304 (2d Cir.1988).

The reason for this is plain. Congress recognized that a number of agreements had been entered into concerning renewal copyrights for works copyrighted under the 1909 Act at the time the 1976 Act went into effect. *See* H.R.Rep. No. 1476, 94th Cong., 2d Sess. 139-41, *reprinted in* 1976 U.S.Code Cong. & Admin.News 5659, 5755-57. Because these agreements were made in light of *De Sylva* as to who would be entitled to copyright renewals, it would have created problems for persons acting in reliance on such agreements were the rules regarding entitlement changed. *See id. See also Mills Music, Inc. v. Snyder,* 469 U.S. 153, 170-72, 105 S.Ct. 638, 648-49, 83 L.Ed.2d 556 (1985) (Congress enacted 1976 Act with an awareness of industry practice). Hence, any congressional

aim to implement a new federal policy regarding "children" was held in abeyance for already-copyrighted works, and is relevant only for works copyrighted in the first instance under the 1976 Act. *Cf. Paige v. Banks*, 80 U.S. (13 Wall.) 608, 614-16, 20 L.Ed. 709 (1872) (assignee of rights to work copyrighted under 1790 Act entitled to renewal registered under 1831 Act despite intervening statutory change concerning ability of assignees to renew). As no such works are involved in the case at hand, we need not be concerned with whether Stone falls within § 101.

Our conclusion that state law delinates the scope of the property right granted by § 304(a) is reinforced by reference to the 1976 Act's scheme regarding the 19-year extension for renewals. This extended term "representes a completely new property right." H.R.Rep. No. 1476, 94th Cong., 2d Sess. 140, *reprinted in* 1976 U.S.Code Cong. & Admin.News 5659, 5756; *see Stewart*, 495 U.S. at 225, 110 S.Ct. at 1762. Because assignments and other agreements concerning renewals for works copyrighted under the 1909 Act were entered into under the assumption that the renewal term would run for only 28 years, Congress extended the termination power of § 203 (governing works copyrighted after January 1, 1978 and transfers made by the author) to § 304(c) (governing transfers made prior to January 1, 1978 by either the author or § 24 or § 304(a) beneficiaries). *See* H.R.Rep. No. 1476, 94th Cong., 2d Sess. 140-41, *reprinted in* 1976 U.S.Code Cong. & Admin.News 5659, 5756-57; *Stewart*, 495 U.S. at 224, 110 S.Ct. at 1762.

Although patterned after § 203, § 304(c) – governing who may exercise the termination privilege with respect

to grants covering the extended term of renewal copyright – "is a close but not exact counterpart." H.R.Rep. No. 1476, 94th Cong., 2d Sess. 140, *reprinted in* 1976 U.S.Code Cong. & Admin.News 5659, 5756. Most importantly, "[t]he bill distinguishes between the persons who can terminate a grant under section 203 and those entitled to terminate a grant covering an extended term under section 304." *Id.* Specifically, the power to terminate a grant covering the extended renewal term made by other than the author is held by those "surviving person or persons who executed it." 17 U.S.C. § 304(c)(1). *Compare id.* § 203(a)(2).

Although this termination privilege is applicable to renewals registered under either the 1909 or 1976 Act, it does not extend to transfers made by renewal beneficiaries after January 1, 1978. The only transfers concerning renewal copyrights made prior to January 1, 1978 were executed by beneficiaries as determined by state law. *See* H.R.Rep. No. 1476, 94th Cong., 2d Sess. 140, *reprinted in* 1976 U.S.Code Cong. & Admin.News 5659, 5756 (termination right in § 304(c) "extends to grants executed by those beneficiaries of the author *who can claim renewal under the present [i.e., 1909] law*") (emphasis added). Since these beneficiaries hold termination rights for renewals registered after January 1, 1978, and because it would be unworkable if the holder of a renewal was not the holder of the termination right concerning the same renewal, it must have been planned that beneficiaries of renewals registered under the 1976 Act be determined by state law. Hence, there is a distinction between those who can terminate a grant under § 203 (determined by § 101) and those who can terminate a grant covering the extended

term, *i.e.*, hold the renewal copyright (determined by state law).

In short, for renewals registered under either the 1976 or 1909 Act, the extended-term termination right may be exercised only by those who executed a grant of the underlying property right prior to 1978. Those that held that property right with respect to 1909 Act renewals (and such an expectancy for 1976 Act renewals) were determined by state law. The holder of the termination right must be the holder of the underlying property interest. Thus, as the holder of the termination right for renewals registered under the 1976 Act must be assessed by reference to state law, the holder of the renewal itself also must be assessed by state law.

Community for Creative Non-Violence v. Reid, 490 U.S. 730, 109 S.Ct. 2166, 104 L.Ed.2d 811 (1989), relied upon by defendants, is not to the contrary. *Reid* involved the interpretation of "work made for hire" in § 101 of the 1976 Act. As relevant here, the Court was faced with the question of whether the terms "employer," "employee" and "scope of employment" were to be given a uniform federal definition derived from the general common law of agency. *Id.* at 740, 109 S.Ct. at 2173. Noting that the "paramount goal" of the 1976 Act was to "enhance predictability and certainty of copyright ownership," *id.* at 749, 109 S.Ct. at 2177, the Court felt it "particularly appropriate" to establish a federal rule of agency. *Id.* at 740, 109 S.Ct. at 2173. As the above discussion demonstrates, in order to "enhance predictability and certainty of ownership" it is appropriate to retain the state-law approach to copyright renewals for works – unlike the one at issue in *Reid* – copyrighted under the 1909 Act.

We therefore hold that Stone is entitled to a share of copyright renewals under § 24 of the 1909 Act and under § 304(a) of the 1976 Act, despite having been adopted-out since "children" for purposes of both sections is defined by state law. There remains a question as to what precisely that share is. The Berlin defendants claim that children take as a class, so that Berlin takes one-half and Stone and Williams, Jr. each take one-quarter. The Acuff/Rose defendants and Stone argue that all beneficiaries share equally, so that Berlin, Williams, Jr. and Stone each take one-third. This issue, not addressed in the district court, is remanded to it for decision.

IV Second Cause of Action

Stone's second cause of action alleges that defendants Milene-Opryland, Acuff-Rose, Fred Rose, Milene, Roy Acuff and Wesley Rose conspired with Irene Smith and Robert Stewart to prevent disclosure concerning her existence and concomitant claim to the estate of Williams, Sr. The parties do not dispute that under Alabama law a conspiracy cause of action arises not from the conspiracy itself, but from the wrong alleged to be the object of the conspiracy. *Ellis v. Zuck*, 409 F.Supp. 1151, 1159 (N.D.Ala.1976), *aff'd*, 546 F.2d 643 (5th Cir.1977) (per curiam); *Stuart Constr. Co. v. Vulcan Life Ins. Co.*, 291 Ala. 650, 285 So.2d 920, 923 (1973). It is also agreed that Alabama recognizes a cause of action for fraudulent suppression of a material fact. *See* Ala.Code § 6-5-102 (1975). As relevant here the crucial element necessary to state a claim based on fraudulent suppression of a material fact is a duty to disclose. *See, e.g., Bank of Red Bay v. King*, 482 So.2d 274, 284 (Ala.1985).

Stone's contention that such a duty existed derives from our holding in *Shapiro, Bernstein & Co.*, 223 F.2d at 253, that the holder of legal title to a renewal copyright holds it as constructive trustee for other co-owners. In dismissing this count, the district court concluded that Stone had not shown defendants owed a fiduciary duty to her. In support of this ruling, defendants point out that a constructive trustee is not a fiduciary, *see, e.g., Rochester Radiology Assocs. v. Aetna Life Ins. Co.*, 616 F.Supp. 985, 988 (W.D.N.Y.1985); Restatement of Restitution § 160 cmt. a (1937), and claim that without such a relationship there is no duty to disclose, and that their silence is not therefore actionable.

The obligation giving rise to the duty to disclose "may arise from the confidential relations of the parties *or from the particular circumstances of the case.*" Ala.Code § 6-5-102 (1975) (emphasis added). *See Holdbrooks v. Central Bank of Ala.*, 435 So.2d 1250, 1252 (Ala.1983) ("special circumstances" may give rise to duty of disclosure). Hence, that defendants may not have owed a fiduciary duty to plaintiff is not itself dispositive. Alabama courts have expressly noted that § 6-5-102 " 'recognizes that situations *other than those involving fiduciary relationships may give rise to a duty to disclose.*' " *King*, 482 So.2d at 284-85 (quoting *Jim Short Ford Sales, Inc., v. Washington*, 384 So.2d 83, 86-87 (Ala.1980)) (emphasis added). Determining whether the "particular circumstances of the case" justify imposition of the requisite duty requires an *ad hoc* examination of the facts because "a rigid approach is impossible, and, indeed, the words of the statute itself counsel flexibility." *Id.* at 285. *Accord Berkel & Co. Contractors, Inc. v. Providence Hosp.*, 454 So.2d 496, 505 (Ala.1984).

Accordingly, in assessing whether a duty exists by virtue of the particular circumstances, a court must examine the fiduciary *or other* relationship of the parties, the importance of the particular fact, the relative knowledge of the parties, and other circumstances of the case. *See Bettis v. Bettis*, 475 So.2d 847, 852 (Ala.1985); *Hall Motor Co. v. Furman*, 285 Ala. 499, 234 So.2d 37, 41 (1970). No such analysis was undertaken here.

We agree that this controversy is of a "unique character." *Gulf American*, 554 So.2d at 369. Accordingly, we cannot affirm the dismissal of this court predicated, as it was, on the lack of a fiduciary relationship. This cause of action must therefore be remanded to the district court for a full consideration of whether, despite the lack of a fiduciary relationship, there nonetheless exited a duty on the part of defendants to disclose. We express no opinion on this ultimate question or on defendants' asserted alternative bases for dismissal.

CONCLUSION

The judgment appealed from is reversed, and the case is remanded for further proceedings consistent with this opinion.

APPENDIX A-2

UNITED STATES COURT OF APPEALS
FOR THE
SECOND CIRCUIT

At a stated term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the 18th day of September one thousand nine hundred and ninety-two.

CATHY YVONNE STONE,
Plaintiff-Appellant

v.

HANK WILLIAMS, JR.; BILLIE JEAN WILLIAMS BERLIN; CHAPPELL MUSIC COMPANY, a division of CHAPPELL & CO., INC., a Delaware Corp.; ABERBACH ENTERPRISES, LTD. a New York Corp.; ACUFF-ROSE-OPRYLAND MUSIC, INC., a Tennessee Corp.; MILENE OPRYLAND MUSIC, INC., a Tennessee [sic]; WESLEY H. ROSE & ROY ACUFF individually & as Trustees in Liquidation for Stockholders of Fred Rose Music, Inc., & Milene Music, Inc.; FRED ROSE MUSIC, INC., a Tennessee Corp.; & Milene Music Inc. a Tennessee Corporation,
Defendants-Appellees.

Docket No.: 91-7706
(Filed Sept. 18, 1992)

A petition for rehearing containing a suggestion that the action be reheard in [sic] banc having been filed

herein by counsel for Defendants-Appelles [sic], Hank Williams, Jr., Acuff-Rose-Opryland Music, Inc., Milene-Opryland Music, Inc., Wesley H. Rose, Roy Acuff, Fred Rose Music, Inc. and Milene Music, Inc.,

Upon consideration by the panel that decided the appeal, it is

Ordered that said petition for rehearing is DENIED.

It is further noted that the suggestion for rehearing in [sic] banc has been transmitted to the judges of the court in regular active service and to any other judge that heard the appeal and that no such judge has requested that a vote be taken thereon.

/s/ Elaine B. Goldsmith
ELAINE B. GOLDSMITH
Clerk

by: Illegible
Chief Deputy Clerk

APPENDIX B-1

Cathy Yvonne STONE, Plaintiff

v.

Hank WILLIAMS, Jr., Billie Jean Williams Berlin, Chappell Music Company, a Division of Chappell & Co., Inc., a Delaware Corporation, Aberbach Enterprises, Ltd., a New York Corporation, Acuff-Rose-Opryland Music, Inc., a Tennessee Corporation, Milene-Opryland Music, Inc., a Tennessee Corporation, Wesley H. Rose and Roy Acuff, Individually and as Trustees in Liquidation for Stockholders of Fred Rose Music, Inc. and Milene Music, Inc., Fred Rose Music, Inc., a Tennessee Corporation, and Milene Music, Inc., a Tennessee Corporation, Defendants.

No. 85 Civ. 7133 (JFK).

United States District Court,
S.D. New York

June 12, 1991.

Alleged illegitimate daughter of singer sued seeking declaration that she was a child of singer, within meaning of certain copyright statutes, and was entitled to share in renewal term of copyrights of singer's works. The District Court, Keenan, J., held that: (1) Alabama Supreme Court decision holding that claimant was daughter of singer was not entitled to res judicata or collateral estoppel effect, as parties were different from those in present suit; (2) daughter's claim was time barred; and (3) daughter did not state cause of action for conspiracy.

Case dismissed.

Rudin and Appel Beverly Hills, Cal. (Milton A. Rudin and Joseph L. Golden, of counsel) and Coblence, Warner,

Hamilton & Smith, New York City (Kenneth E. Warner, of counsel), for plaintiff.

Silverman & Shulman, P.C., New York City (Alan L. Shulman, Richard H. Frank, W. Michael Milom, and Christian A. Horsnell, of counsel), for defendants Hank Williams, Jr., Wesley H. Rose, Roy Acuff, Fred Rose Music, Inc. and Milene Music, Inc.

McDermott, Will & Emery, New York City (Lawrence I. Fox and Stephen K. Rush, of counsel), for defendants Acuff-Rose-Opryland Music, Inc. and Milene-Opryland Music, Inc.

Thomas R. Levy, New York City, for defendants Billie Jean Williams Berlin Horton, Chappell Music Company and Aberbach Enterprises.

OPINION AND ORDER

KEENAN, District Judge:

Introduction

Before the Court are two motions for summary judgment arising out of a dispute over rights to interests in the renewal term of copyrights to the musical compositions of the late country music singer, Hank Williams, Sr. ("Williams, Sr."). The complaint of the plaintiff, the alleged illegitimate daughter of Williams, Sr., asserts two claims. First, she seeks a declaration that she is a child of Williams, Sr. within the meaning of certain copyright statutes, and that she is therefore entitled to a share in the renewal term of copyrights in Williams, Sr.'s works. Second, she asserts that certain of the defendants conspired

among themselves and with non-parties to prevent her from obtaining information that would have prompted her to commence this action at an earlier time.

Defendants in this action include members of Williams, Sr.'s family as well as current and past holders of copyright interests.[1] Two separate summary judgment motions arise from this group. One motion is brought by all defendants against plaintiff. A second summary judgment motion, called the "Aberbach Motion", is brought by defendants Aberbach Enterprises, Ltd. and Billie Jean Williams Berlin against plaintiff and all other defendants.

For the reasons discussed below, the principal motion is granted. The Court declines to reach the Aberbach motion.

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[1] Defendant Hank Williams, Jr. ("Williams, Jr.") is the son of Hank Williams, Sr. ("Williams, Sr."). Defendant Billie Jean Williams Berlin is the widow of Williams, Sr. Defendant Aberbach Enterprises, Ltd. is the assignee of Billie Jean Williams Berlin's interest in copyright renewals in Williams Sr.'s work. Defendant Chappell Music Company has a contractual relationship with defendant Aberbach Enterprises to serve as administrators of Billie Jean Williams Berlin's interests in the renewal term copyrights. Defendants Acuff-Rose-Opryland and Milene-Opryland Music are successors in interest to defendants Wesley H. Rose and Roy Acuff. Defendants Wesley H. Rose and Roy Acuff, in turn, served as trustees in liquidation of defendants Fred Rose Music, Inc. and Milene Music, Inc. Fred Rose Music, Inc. and Milene Music, Inc. were the assignees of Williams, Jr.'s interests in the copyrights renewal terms in Williams, Sr.'s work.

Background

On September 6, 1988, this Court granted defendants' motion for summary judgment and denied plaintiff's cross-motion for summary judgment. That decision, based upon the doctrine of laches, held that Stone had waited too long in bringing her claim. Stone appealed, and on April 21, 1989, the Court of Appeals for the Second Circuit affirmed this Court's decision. *See Stone v. Williams*, 873 F.2d 620 (2d Cir.1989). On August 24, 1989, the Second Circuit granted rehearing. On December 5, 1989, that court issued a new decision vacating its earlier decision, reversing this Court's dismissal on the basis of laches, and remanding the case for further proceedings. *See Stone v. Williams*, 891 F.2d 401 (2d Cir.1989).

The Second Circuit's change of heart was brought about by a decision of the Supreme Court of Alabama on an appeal brought by Stone in parallel litigation. On July 5, 1989, the Supreme Court of Alabama reversed a trial court's award of summary judgment to defendants, finding that defendants had intentionally, willfully and fraudulently concealed plaintiff's identity, existence, claim and rights as a natural child of Hank Williams, Sr. *See Stone v. Gulf American Fire and Casualty Co.*, 554 So.2d 346 (Ala. 1989). That decision also set aside 1967 and 1968 Alabama state court decrees that Stone was not an heir to Williams Sr.'s estate. The decision held that defendants' fraud excused plaintiff's delay in asserting her claim, and that therefore plaintiff had asserted her rights to the estate in a timely fashion. The Second Circuit ruled that the prejudice to the defendants that prompted this Court's application of the doctrine of laches would not have existed if the defendants had revealed facts of which they had

knowledge. "Consequently, the evidence of fraud, which the Alabama Supreme Court found persuasive, makes summary judgment dismissing plaintiff's claim on the grounds of laches inappropriate." *Stone v. Williams*, 891 F.2d 401, 405 (2d Cir.1989). In light of the Second Circuit's ruling, this Court now turns to another summary judgment motion, from which the issue of laches has been excluded.

Discussion

A. *Summary Judgment*

Fed.R.Civ.P. 56 "mandates the entry of summary judgment, after adequate time for discovery and upon motion, against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial." *Celotex Corporation v. Catrett*, 477 U.S. 317, 322, 106 S.Ct. 2548, 2552, 91 L.Ed.2d 265 (1986). A motion for summary judgment may be granted under Rule 56 if the entire record demonstrates that "there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law." *Anderson v. Liberty Lobby*, 477 U.S. 242, 250, 106 S.Ct. 2505, 2511, 91 L.Ed.2d 202 (1986). When viewing the evidence, the Court must "assess the record in the light most favorable to the non-movant and . . . draw all reasonable inferences in its favor." *Delaware & Hudson Railway Co. v. Consolidated Rail Corp.*, 902 F.2d 174, 177 (2d Cir.1990); *see Francis v. Coughlin*, 891 F.2d 43, 46 (2d Cir.1989). "Summary judgment is appropriate if . . . 'no reasonable trier of fact could find in favor of the non-moving party.'"

United States v. All Right, Title & Interest in Real Property, etc., 901 F.2d 288, 290 (2d Cir.1990) (quoting *Murray v. National Broadcasting Co., Inc.*, 844 F.2d 988, 992 (2d Cir.), *cert. denied*, 488 U.S. 955, 109 S.Ct. 391, 102 L.Ed.2d 380 (1988)). In making this determination, the district court may not resolve issues of fact; it may only ascertain whether such issues are present. *See Donahue v. Windsor Locks Bd. of Fire Cm'rs*, 834 F.2d 54, 58 (2d Cir.1987). The non-movant, in response to a properly supported motion for summary judgment, may not rest on the allegations in its pleadings, but must adduce "significant probative supporting evidence" demonstrating that a factual dispute exists. *Anderson*, 477 U.S. at 249, 106 S.Ct. at 2510-11.

B. *Effect of Alabama Decision*

The Court turns first to the effect on this action of the Alabama Supreme Court's decision in *Stone v. Gulf American Fire and Casualty Co.* Two days before plaintiff filed this action, defendants Hank Williams, Jr., Wesley Rose and Roy Acuff commenced an action in Alabama state court against plaintiff seeking a declaration that Stone was barred from establishing that she was the natural daughter of Williams, Sr. and from asserting any claim to his estate or for royalties from Williams, Sr.'s musical compositions. Plaintiff counter-claimed against Williams, Jr. to establish her status as a child of Williams, Sr. Plaintiff also filed a third-party complaint in which she alleged "an intentional, willful, fraudulent, and conspiratorial concealment from the court of her identity and potential claim to the estate of Hank Williams." *Stone v. Gulf American Fire and Casualty Co.*, 554 So.2d at 348. The defendants

in the third party action were Irene Smith, the sister of Williams, Sr. who at one time served as administratrix of the estate; the law firm of Robert Stewart, Esq., the lawyer for the estate who also served for some years as executor; several fictitiously named real parties in interest; and the insurance companies serving as sureties for the estate. In the third party action, plaintiff sought to have the estate reopened, to receive her share of the estate, and to be awarded punitive damages. Plaintiff also asked that the sureties for the estate compensate her for damages not recovered against the other third-party defendants or real parties in interest.

On July 14, 1987, the Alabama Circuit Court granted summary judgment to Williams, Jr., Acuff and Rose in their action against the plaintiff, holding that Williams, Jr. was the only heir of Williams, Sr. The court, while acknowledging that Cathy Yvonne Stone was the biological daughter of Williams, Sr., held that she was not entitled to inherit from his estate. Summary judgment was also granted to the third party defendants.

Stone appealed only the decision granting summary judgment to the third party defendants. On July 5, 1989, the Alabama Supreme Court, calling this a "unique case," ruled broadly on issues not placed before it directly by Stone's appeal of the third party action. *See Stone v. Gulf American Fire and Casualty Co.*, 554 So.2d 346 (Ala.1989). The court wrote as follows:

> "This Court is ever mindful of the policy concerns surrounding the finality of judgments. At the same time, we cannot ignore the pleas for relief of an innocent party who has labored under judgments procured by legal fraud and

> suppression, and based upon a completely erroneous view of the applicable law, at a time when she was not only a minor but had no one except a guardian ad litem fighting for her rights, and he was effectively foreclosed from establishing them."

Id. at 369.

The Court granted relief as follows:

> "In view of all of the evidence in this case relating to concealment by the attorney and the administratrix of the estate of Stone's claims to the estate and of facts material to those claims, in addition to the fact that the state agencies involved, as well as the court itself, failed to protect her rights, we cannot but conclude that equity and justice require that the 1967 and 1968 decrees rendered in this matter be set aside, in part. Accordingly, in order to balance all of the equities involved in this case, we hereby reverse the summary judgment on Stone's third-party claim in which she asked that the estate be reopened, and we order that the 1967 and 1968 judgments rendered in this matter be set aside, in part, and that Stone is entitled to receive her proportionate share of any proceeds of the estate of her natural father, Hank Williams, including any income or interest, and of any copyright royalties, but prospectively only, from the date that she gave notice of her claim, August 5, 1985. The trial court's judgment which, insofar as it denied her request for punitive damages against the third-party defendants, is affirmed."

Id. at 369-70

Because the Alabama Supreme Court decision affected his rights in the estate of his father, Williams, Jr. sought leave to appear to seek an order to vacate and modify the July 5 opinion. *See id.* at 371. Williams, Jr. sought to have the July 5 order vacated on the grounds that he was not a party to the appeal and that accordingly his due process rights were violated when the decision on that appeal impacted upon his rights in his father's estate.[2] Williams, Jr.'s application was denied. *See id.* at 375. The Supreme Court, focussing on Stone's application in the third party action to reopen the estate, stated that the third party action was an action in rem, and accordingly exercised jurisdiction over the estate. *See id.* at 373.

Defendants argue that the Alabama Supreme Court decision is constitutionally infirm and that accordingly it should not be afforded full faith and credit by this Court. They assert that no party to this action was a party to or in privity with a party to the third party appeal in Alabama. Defendants also point out that the United States Supreme Court has held clearly that it is a violation of due process rights for a judgment to be binding on a litigant who was not a party or a privy to the earlier

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[2] Williams, Jr. was not alone in that view. Two judges dissented from the denial of his application to be heard. "[We] think the Court's action violates the constitution of this state and the Constitution of the United States in that it directly affects property rights of Williams, Jr. that were vested, if not at the time the estate of Williams, Sr. was finally closed, then surely by the entry of final judgment in his favor in his declaratory judgment action, which this Court held was the proper way to finally determine whether Stone had an interest in the estate." *Stone v. Gulf American Fire and Casualty Co.*, 554 So.2d 346, 376.

proceeding. *See Parkland Hosiery v. Shore*, 439 U.S. 322, 327 n. 7, 99 S.Ct. 645, 649 n. 7, 58 L.Ed.2d 552 (1979). Williams, Jr. also contends that his due process rights were violated when he was denied an opportunity to be heard after the Alabama Supreme Court had decided the appeal of the third party action in a manner that impacted upon his rights. *See* Defendants' Memorandum at 73.

Defendants argue further that the decision of the Alabama Supreme Court should not be given any res judicata effect by this Court, insisting that the Alabama Supreme Court was not a court of competent jurisdiction to overrule unappealed decisions of the trial court. *See* Defendants' Memorandum at 78. Defendants contend that the Supreme Court did not have jurisdiction over issues which the parties had not placed before it by means of appeals of the lower court orders.

Plaintiff contends that either through collateral estoppel or res judicata analysis, the Alabama Supreme Court's decisions concerning the heirship and paternity of plaintiff "preclude all defendants from relitigating those issues in this action because they were either parties to the litigation in which the decisions were made or in privity with those parties." Plaintiff's Memorandum at 7. Plaintiff argues that under Alabama law, all of the parties to this action were parties to or privy to the Alabama action. *See* Plaintiff's Memorandum at 8-9.

The Court recognizes that normally it is required to give decisions of state courts the same preclusive effect as would be afforded under the laws of that state. *See Migra v. Warren City School Dist. Board of Education*, 465 U.S. 75, 104 S.Ct. 892, 79 L.Ed.2d 56 (1984); 28 U.S.C. § 1738.

However, "[i]n federal actions . . . a state-court judgment will not be given collateral-estoppel effect . . . where 'the party against whom an earlier court decision is asserted did not have a full and fair opportunity to litigate the claim or issue decided by the first court." *Haring v. Prossie*, 462 U.S. 306, 313, 103 S.Ct. 2368, 2373, 76 L.Ed.2d 595 (1983). The same rule has been applied, correctly in the view of the Court, where res judicata has been invoked.[3] *See Robinson v. Arivoshi*, 753 F.2d 1468 (9th Cir.1985), *vacated* 477 U.S. 902, 106 S.Ct. 3269, 91 L.Ed.2d 560 (1986), *on remand* 887 F.2d 215 (9th Cir.1989). Because

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[3] Even if the Court had not applied the requirement of a full and fair opportunity to litigate to bar application of res judicata in this action, examination of Alabama law concerning res judicata indicates that the decision of the Alabama Supreme Court on Stone's appeal does not satisfy the requirements of Alabama law for application of res judicata. Under Alabama law, "[r]es judicata and collateral estoppel (estoppel by judgment) are two separate rules or sets of rules for determining the conclusiveness of judgments." *Wheeler v. First Ala. Bank of Birmingham*, 364 So.2d 1190, 1199 (Ala. 1978).

> "The elements of res judicata are as follows: (1) prior judgment rendered by court of competent jurisdiction; (2) prior judgment rendered on the merits; (3) parties to both suits are substantially identical; and (4) same cause of action present in both suits. If these elements are present, then the former judgment is an absolute bar to any subsequent suit on the same cause of action, including any issue which was or could have been litigated in the prior action.

Wheeler, 364 So.2d at 1199 (citations omitted).

In this case it is clear that the parties in this action and the parties before the Supreme Court on the third party appeal are not "substantially identical."

the Court concludes that the defendants in this action were not afforded a full and fair opportunity to litigate the issues actually decided by the Alabama Supreme Court, it would be inappropriate and unfair to grant preclusive effect to the Alabama Supreme Court decision, and the Court declines to do so.

Several factors have led the Court to the conclusion that defendants in this action were not afforded a full and fair opportunity to litigate the issues decided by the Alabama court. First, defendants in this action were not parties to the third party action in Alabama. While some of defendants in this action were plaintiffs in the primary Alabama action, none of the defendants here were involved in the third party action that ended up before the Alabama Supreme Court.

Second, the Court is unpersuaded by plaintiff's argument that the parties in this action are bound by the Alabama Supreme Court decision by reason of being in privity with litigants in the Alabama action. As plaintiff herself points out, Alabama courts have adopted more than one concept of privity:

> "The following three definitions of privity have appeared in Alabama cases: (1) the relationship of one who is privy in blood, estate, or law; (2) the mutual or successive relationship to the same rights of property; and (3) an identity of interest in the subject matter of the litigation. Largely defining privity by example, the Alabama cases seem to resolve the question on an ad hoc basis in which the circumstances determine whether a person should be bound by or entitled to the benefits of a judgment. The decision usually turns on whether the relationship

> between the parties was close enough and whether adequate notice of the action was received by the alleged privy; this test has been bolstered by the recent tendency of the Alabama courts to analyze privity as an identity of interests."

Hughes v. Martin, 533 So.2d 188, 191 (Ala. 1988) (quoted at Plaintiff's Memorandum in Opposition, 7-8). As discussed above, the parties to the third party action were two insurance companies, Gulf American Fire & Casualty and American States Insurance, Irene Smith, and Stewart's law firm. The Court cannot say that the defendants in this action, whose interests in this action are the renewal term copyrights, had either a sufficiently close relationship or an identity of interests with the defendants in the third party action to be in privity with them, and therefore bound by the Supreme Court's decision. The Court is aware that Stewart served as administrator of the Williams, Sr. estate. The Court is also aware that Irene Smith served both as administratrix of the estate and Williams, Jr.'s Alabama guardian during the 1967 and 1968 proceedings. The Court is unpersuaded that either of these facts result in Stewart and Smith being in privity with Williams, Jr. for purposes of this action. Both Stewart and Smith were named as parties to the third party action because of their alleged wrongful handling of the estate and their alleged personal wrongdoing in violating their fiduciary duties to the estate and its beneficiaries. In contrast, Williams, Jr. is a defendant not because he is directly accused of personal wrongdoing, but because his rights would be affected were this Court to grant plaintiff the relief that she requests. There is no allegation that Williams, Jr. participated in the alleged scheme that was

the basis of the third party action. In view of the different interests at stake in the two actions, it would be inappropriate and unfair to use the fact that Stewart and Smith once represented the interests of Williams, Jr. or the estate to bind Williams, Jr. to the results of the Alabama Supreme Court action. Third, Williams, Jr., Acuff and Rose did not attempt to protect their interests before the Alabama Supreme Court simply because they had no reason to become involved in the appeal of a third party action to which they were not parties. The trial court had granted summary judgment in their favor on the primary action. Stone chose not to appeal that decision. Stone did appeal the adverse ruling in the third party action, which alleged fraudulent concealment by persons other than the defendants before the Court in this action. The Supreme Court's discussion of Williams, Jr.'s application for a rehearing does not relieve the Court's concern that rights of the plaintiffs in the Alabama action were affected by a decision in an action in which they had no reason to involve themselves. Accordingly, the Court concludes that it would be unfair to grant preclusive effect to the decision of the Alabama Supreme Court in Stone's appeal.

C. *First Claim*

As mentioned above, plaintiff's third amended complaint advances two claims. In her first claim, plaintiff contends that she is entitled to an undivided one-third interest in the renewal copyrights to all musical works composed by Williams, Sr. and renewed pursuant to either the Copyright Act of 1909 or the Copyright Act of

1976. Plaintiff's first claim also demands "an accounting of all royalties, revenue, income, monies and other consideration . . . derived . . . from the exploitation of all musical compositions written in whole or in part by Williams, Sr." and payment of "any compensation owed to her pursuant to her undivided ownership interest in said . . . compositions." Complaint at 21. Plaintiff's first claim also seeks an order directing defendants to convey to plaintiff "legal title to her proportionate share of the renewal rights." *Id.*

Defendants assert that plaintiff's first claim for relief is barred by the three-year statute of limitations of the Copyright Act, 17 U.S.C. § 507(b). Plaintiff filed this action on September 12, 1985. Defendants insist, therefore, that in order for the suit to be within the statute of limitations period, plaintiff's cause of action must have accrued after September 12, 1982. Defendants claim that all of the possible accrual dates are before September 12, 1982, but settle on October 17, 1979 as the most likely date of accrual of plaintiff's cause of action. On that date, plaintiff met with a representative of the Alabama Department of Pensions and Security and acknowledged that her adoptive mother had told her that Williams, Sr. might be her biological father, that she knew her "identity" and that she did not want anyone to link her with Williams, Sr. *See* Defendants' Memorandum at 23.

Plaintiff claims that she brought her action within the statute of limitations. She insists that what she is asking the Court to do is to enforce "her Congressionally-granted renewal copyright interest by forcing her co-owners to account for her proportionate share of the income they receive from those copyrights." Plaintiff's

Memorandum at 12. In other words, plaintiff sees this action as "analogous to a copyright infringement claim." *Id.* at 14. Plaintiff accordingly argues that the statute of limitations begins to run anew every time she learns or should have learned of an act of infringement on her rights by the defendants. She therefore insists that each failure to account to her which took place after September 12, 1982 is an act for which she can recover in this action.

The first question to be addressed by the Court, therefore, is whether the plaintiff's claim is governed by the three-year statute of limitations of the Copyright Act of 1976, or whether plaintiff is correct in arguing that her claim is analogous to one for repeated infringements of her rights in the renewal term, each of which starts the statute of limitations period running anew.

After careful review of the third amended complaint, relevant case law and the submissions of the parties, the Court concludes that the three-year statute of limitations of the Copyright Act applies to plaintiff's first claim. The Court rejects plaintiff's argument that, because she seeks to establish her status through a declaratory judgment, the Copyright Act statute of limitations in [sic] inapplicable. Plaintiff is seeking to establish her status as a person entitled to share in the renewal terms of the copyrights of Williams, Sr.'s songs. The complaint itself states that plaintiff's first claim "arises under the copyright laws of the United States, and more particularly, the Copyright Act of 1976, 17 U.S.C. §§ 101, *et seq.*" Complaint ¶ 12. While plaintiff, clearly aware that the statute of limitations threatens her action, argues that her claim is analogous to a copyright infringement claim, what she is really asking the Court for is a declaration of her rights under

the Copyright Act. That being the case, the Court has no choice but to apply the clear statute of limitations provisions of the Copyright Act of 1976 to plaintiff's first claim.

Having determined that the three-year statute of limitations applies, the Court must next address when plaintiff's cause of action accrued. "Under federal principles, a claim accrues when the plaintiff knows or has reason to know of the injury that is the basis of the action." *See Cullen v. Margiotta*, 811 F.2d 698, 725 (2d Cir.) (quoting *Park v. Board of Education*, 654 F.2d 856, 859 (2d Cir.1981)), *cert. denied*, 483 U.S. 1021, 107 S.Ct. 3266, 97 L.Ed.2d 764 (1987). The Court agrees with the defendants that plaintiff's cause of action accrued on October 17, 1979. As mentioned above, that was the date on which plaintiff met with a representative of Alabama Department of Pensions and Security and acknowledged that her adoptive mother had told her that Williams, Sr. might be her father, that she knew her "identity" and that she did not want anyone to link her with Williams, Sr. Despite plaintiff's claims that Defendants withheld significant information from her, it is clear that by October 17, 1979 plaintiff had sufficient information to suggest that she could pursue a claim. *See* Defendants' Memorandum at 23. Plaintiff, at twenty-six, was well beyond her majority at the time that she acknowledged that she might be the daughter of Williams, Sr. Five years earlier, just before she turned twenty-one, her adoptive mother informed her of the rumors concerning her paternity so that plaintiff could collect an inheritance from Lillian Stone, Williams, Sr.'s mother. *See Stone v. Williams*, 873 F.2d 620, 622 (2d Cir.1989). In 1974, she read a book on Williams, Sr.

entitled "Sing a Sad Song," which mentioned the possibility that Williams, Sr. had fathered a child out of wedlock, and which discussed the possibility that the child might be entitled to a renewal interest in his songs. *See id. at 622-23. In 1980, still well within the statute of limitations period, plaintiff's adoptive father told her that he regretted withholding information from plaintiff and that he would assist her in pursuing the matter.* See id. *Nonetheless, plaintiff waited until five years later to commence this action.*

The Court having concluded that plaintiff's first claim accrued on October 17, 1979, and that accordingly plaintiff did not file this action within the statute of limitations period, this claim must be dismissed unless the Court accepts plaintiff's argument that the statute of limitations defense is not available to the defendants in this action. Plaintiff argues that defendants are precluded from using the defense because of their participation in the alleged fraud and their prior, superior knowledge of the existence of the plaintiff and her rights.

The Court concludes that the statute of limitations defense is available to the defendants in this situation. Even if deliberate action by some or all of the defendants prevented plaintiff from pursuing this action at one time, there was nothing to stop her after October of 1979 at the latest, and it was at that point that the statute of limitations began to run. *See Cullen,* 811 F.2d at 725.

Plaintiff cites two cases in support of her argument that the statute of limitations defense is not available to the defendants because of the fraud allegedly perpetrated on the Alabama state court and because of their prior, superior knowledge of the plaintiff and her rights. Both

are distinguishable from this case. The first, *Holmberg v. Armbrecht*, 327 U.S. 392, 66 S.Ct. 582, 90 L.Ed. 743 (1946), held that a equitable suit by a class of creditors of a joint stock land bank to enforce liability imposed on the shareholders by a federal statute was not barred by a state statute of limitations. The Supreme Court in that case did not rule that the defense of statute of limitations is never available to defendants who undertake to conceal plaintiff's claims by means of fraud. In fact, the Court announced that it had adopted the rule that "where a plaintiff has been injured by fraud and 'remains in ignorance of it without any fault or want of diligence or care on his part, the bar of the statute does not begin to run until the fraud is discovered, though there be no special circumstances or efforts on the part of the party committing the fraud to conceal it from the knowledge of the other party.' " *Holmberg, supra*, 327 U.S. at 397, 66 S.Ct. at 585 (quoting *Bailey v. Glover*, 88 U.S. (21 Wall.) 342, 348, 22 L.Ed. 636 (1874)).

The second case cited by plaintiff is no more supportive of her argument than is *Holmberg v. Armbrecht*. In *Barrett v. United States*, 689 F.2d 324 (2d Cir.1982), *cert. denied*, 462 U.S. 1131, 103 S.Ct. 3111, 77 L.Ed.2d 1366 the Court of Appeals for the Second Circuit examined the application of the two-year statute of limitations of the Federal Torts Claims Act to a suit brought by the survivors of a mental patient who had been involuntarily used as a subject in chemical warfare experimentation. The patient died in 1953 as a result of the experiments and the Army actively concealed the fact for many years. The Second Circuit considered whether the Army's

actions interfered with the ability of the patients' survivors to sue so as to prevent the statute of limitations from running. The Court held that in such a situation the two-year FTCA statute of limitations did not begin to run "until the plaintiff has or with reasonable diligence should have discovered the critical facts of both his injury and its cause." *Barrett*, 689 F.2d at 327. Applied to the facts of this case, *Barrett*, like *Holmberg*, supports the Court's conclusion that the statute of limitations in this action began to run on October 17, 1979 and that it is available to the defendants as a defense.

For these reasons, the Court grants defendants' motion for summary judgment on the first count of plaintiff's complaint.

D. *Second Claim*

Plaintiff's second claim alleges that defendants Milene-Opryland Music, Rose, Acuff, Fred Rose Music, Inc., Milene Music, Inc. and Acuff-Rose-Opryland Music, Inc. conspired with Irene Smith and Robert B. Stewart. Irene Stewart is the sister of Williams, Sr. After the death of Lillian Williams Stone in 1955, Irene Smith took over as administratrix of Williams, Sr.'s estate. Smith continued to act as administratrix of the estate until 1969. Robert B. Stewart served as attorney for the Williams, Sr. estate from 1953 to 1975. He took over as administrator from Irene Smith in 1969.

Plaintiff's second claim sets out the details and goals of the alleged conspiracy as follows:

> 33. Smith and Stewart knew of plaintiff since her birth on January 6, 1953 and knew, since that

time, that she had claims and rights as the natural child of Williams Sr. While acting in their respective capacities as administrator and/or attorney for the estate, Smith and Stewart had a confidential relationship with plaintiff; they were charged with the highest degree of fiduciary duty to plaintiff; they were obligated to fully advise her or her appropriate representat'ves of all material facts and theories which could affect her claims, rights and interests arising from the fact that she is the natural daughter of Williams Sr.; they were required to to [sic] take whatever measures were necessary to protect her interest; and they were prohibited from placing the interest of another potential heir over her interest.

34. At all times alleged herein, defendants ARO Music, MOM Music, Rose Acuff, Fred Rose and Milene (hereinafter "Co-conspirator Defendants"), knew or had reason to know that plaintiff was the natural daughter of Williams Sr. and Williams Jr.'s half-sister, that Smith and Stewart were the administrators and/or the attorney for the estate, that Smith and Stewart had a confidential and fiduciary relationship with plaintiff and that Smith and Stewart were charged with the highest degree of fiduciary duty to plaintiff.

35. Co-conspirator Defendants, Smith and Stewart knew, or had reason to know, that the Alabama state Court, in making determinations regarding the estate, would depend in great measure on the integrity and thoroughness of Stewart and would depend on the facts and issues presented to the Court by Stewart.

36. Commencing at some time in at least 1960 or 1961, and continuing thereafter as more specifically alleged hereinbelow, and with full

> knowledge of the facts alleged hereinabove at paragraphs 31, 32, 33, and 35, Co-conspirator Defendants, Smith and Stewart knowingly and willfully conspired and agreed among themselves, and each of them, to unlawfully exploit and misuse Stewart and Smith's fiduciary relationship with plaintiff to (1) prevent plaintiff from perfecting her interest in the Williams, Sr. renewal copyrights and (2) to permit Co-conspirator Defendants to misappropriate plaintiff's interest in the Williams Sr. renewal copyrights for their sole and exclusive benefit.

In sum, plaintiff charges that the defendants named in this count conspired with Smith and Stewart, who are not named defendants, to prevent plaintiff from obtaining any benefit to which she might be entitled by preventing disclosure concerning plaintiff "to the Alabama courts, Drayton Hamilton, plaintiff's adoptive parents and plaintiff" of certain facts concerning the plaintiff's existence and possible rights. Plaintiff's Memorandum at 26.

Defendants argue that no such conspiracy could possibly have existed because plaintiff or her guardians knew "at all relevant times" that plaintiff was possibly Williams, Sr.'s daughter. Defendant's Memorandum at 81. Defendants also contend that plaintiff's second cause of action is barred as a matter of law, because there is no independent cause of action for conspiracy under Alabama law. Defendants argue that because there is no allegation that they made affirmative misrepresentations to the plaintiff, and because they had no affirmative duty to disclose facts of which they were aware concerning plaintiff's paternity, plaintiff has failed to state a claim

against them. Defendants point out finally that defendants Acuff-Rose-Opryland and Milene-Opryland Music were not even incorporated until 1985, twenty-five years after the commencement of the alleged conspiracy. Defendants argue that these two corporations did not assume any of the tort liabilities of their predecessors, and that accordingly plaintiff cannot state a claim as to them.

Plaintiff argues that it would be inappropriate to grant defendants' motion for summary judgment on Count II, insisting that there are material questions of fact to be resolved concerning defendants' liability. Plaintiff contends that defendants "conspired to deprive plaintiff of her renewal rights even though they owed a fiduciary duty to her and held her share of income in trust for her." Plaintiff's Memorandum at 27.

The parties agree that under Alabama law, where there is an allegation of participation in a civil conspiracy, the plaintiff's cause of action arises not from the conspiracy itself, but from the wrong alleged to be the object of the conspiracy. *See Ellis v. Zuck*, 409 F.Supp. 1151, 1159 (N.D.Ala.1976), *aff'd*, 546 F.2d 643 (5th Cir. 1977) (applying Alabama law); *see also* Plaintiff's Memorandum at 27; Defendants' Memorandum at 82. In *Purcell Co. Inc. v. Spriggs Enterprises*, 431 So.2d 515 (Ala.1983), the Alabama Supreme Court stated that " '[w]here civil liability for a conspiracy is sought to be enforced, the conspiracy itself furnishes no cause of action. This gist of the action is not the conspiracy alleged but the wrong committed.' " *Purcell*, 431 So.2d at 522 (*quoting C'Dell v. State ex rel. Patterson*, 270 Ala. 236, 240, 117 So.2d 164, 168 (1959)). The *Purcell* court went on to hold that because there had been a failure to establish a prima face case for the underlying

tort, "the conspiracy claim must also fail because there is no 'actionable wrong' to support the later theory." *Purcell*, 431 So.2d at 522 (*quoting Griese-Traylor Corp v. First National Bank*, 572 F.2d 1039 (5th Cir.1978)).

The defendants in the second count argue that plaintiff's conspiracy claim must fail as a matter of law because, as was the case in *Purcell*, the plaintiff has failed to state a claim for the underlying tort which plaintiff alleges supports the conspiracy charge. Accordingly, to decide whether plaintiff's conspiracy claim is to be dismissed for failure to state a claim, the Court must address defendants' argument that they could not, as a matter of law, have been guilty of the underlying wrongdoing of which they are accused.

As mentioned above, the wrong allegedly underlying the conspiracy is that defendants withheld information concerning plaintiff's existence and paternity in order to prevent her from asserting her claims of entitlement to benefits from the estate of Williams, Sr. or from the renewal of the copyrights in his works. Alabama recognizes a cause of action for fraudulent suppression of a material fact. *See* Ala. Code § 6-5-102 (1975) ("Suppression of a material fact which the party is under an obligation to communicate constitutes fraud. The obligation may arise from the confidential relations of the parties or from the particular circumstances of the case."). Courts applying Alabama law have found several factors necessary to state a claim for fraudulent suppression of a material fact. First, "mere silence is not actionable unless there is a duty to disclose material facts." *Bank of Red Bay v. King*, 482 So.2d 274, 284 (quoting *Holdbrooks v. Central Bank of Alabama, N.A.*, 435 So.2d 1250 (Ala.1983)). Second,

defendants can be held liable only for concealing facts of which they had knowledge. *See Lee v. United Fed. Savings & Loan Ass'n*, 466 So.2d 131, 135 (Ala.1985) (*quoting Harrell v. Dodson*, 398 So.2d 272, 276 (Ala.1981)). Third, the fact alleged to have been suppressed must have been material. *See Bank of Red Bay*, 482 So.2d at 285. Finally, a complaint for fraudulent suppression of material facts must allege damages. *See Berkel & Co. Contractors v. Providence Hospital*, 454 So.2d 496, 506 (Ala. 1984).

The Court first addresses whether defendants were under any duty to reveal whatever they knew. Plaintiff claims that defendants did have such a duty to disclose. According to the plaintiff,

> "[a] party has a duty to disclose 'if a confidential or fiduciary relationship' exists and if the one party has a particular knowledge or expertise not shared by the other party, thereby creating unequal bargaining positions. The defendants named in this claim conspired to deprive plaintiff of her renewal rights even though they owed a fiduciary duty to her and held her share of the income in trust for her."

Plaintiff's Memorandum at 27 (citations omitted).

Defendants argue that "plaintiff cannot point to any factual basis for the alleged co-conspirator's duty to disclose." Defendants' Memorandum at 84. The Court agrees. Plaintiff has presented no facts or arguments which support her vague assertion that the defendants in the second claim had a fiduciary duty to her. See *Bettis v. Bettis*, 475 So.2d 847, 851 (Ala.1985) (affirming grant of summary judgment in fraudulent concealment case where plaintiff "failed to prove defendant owed them any

legal duty under the circumstances."). In fact, the bulk of plaintiff's argument on this point, which appears at pages 28-29 of her memorandum, discusses not the basis of the plaintiff's arguments concerning the defendants' duties, but instead the defendants' silence, and argues that there exist genuine issues of fact concerning whether the defendants joined in a conspiracy. Absent a duty to disclose however, the law is clear that defendants' silence was not wrongful. *See Bank of Red Bay v. King*, 482 So.2d 274, 284 (quoting *Holdbrooks v. Central Bank of Alabama, N.A.*, 435 So.2d 1250 (Ala. 1983)).

Furthermore, even assuming that Stewart and Smith were in fact found to have perpetrated some fraud on the plaintiff or on the Alabama courts, plaintiff has failed to allege that defendants took any action to further the purposes of the alleged conspiracy. Instead, plaintiff's allegations are limited to assertions that the defendants were advised of Stewart and Smith's efforts to prevent plaintiff and the court from discovering her identity and rights. Absent a duty that would render their silence wrongful, the defendants could not have participated in a conspiracy to advance Stewart and Smith's goals simply by remaining silent.

For these reasons, defendants' motion for summary judgment is granted as to the second count of plaintiff's complaint.

E. *Aberbach Defendants' Motion*

In this motion, defendants Billie Jean Williams Berlin, Aberbach Enterprises and Chappell Music Company have asked the Court to determine the size of plaintiff's

share in the copyright renewal interests. The Court, however, has granted summary judgement for defendants on plaintiff's complaint. Accordingly, there is no need for the Court to resolve the question of the extent of plaintiff's interest in the copyright renewals.

Conclusion

For the reasons set forth above, defendants' motion for summary judgment on both counts of plaintiff's complaint is granted. In light of its disposition of the principal summary judgment motion, the Court declines to reach the Aberbach defendants' motion. This action is ordered removed from the active docket of this Court.

SO ORDERED.

APPENDIX C-1

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

OPINION ON PETITION
FOR REHEARING

No. 732 – August Term 1988
(Argued February 1, 1989
Decided April 21, 1989)
(Petition for Rehearing Filed
September 7, 1989
Decided Dec. 5, 1989)

Docket No. 88-7860

CATHY YVONNE STONE, an Individual,

Plaintiff-Appellant,

v.

HANK WILLIAMS, JR., BILLIE JEAN WILLIAMS BERLIN, CHAPPELL MUSIC COMPANY, a Division of CHAPPELL & CO., INC., a Delaware Corporation, ABERBACH ENTERPRISES, LTD., a New York Corporation, ACUFF-ROSE OPRYLAND MUSIC, INC., a Tennessee Corporation, MILENE-OPRYLAND MUSIC, INC., a Tennessee Corporation, WESLEY H. ROSE AND ROY ACUFF, Individually and as Trustees in Liquidation for Stockholders of Fred Rose Music, Inc., and Milene Music, Inc., FRED ROSE MUSIC, INC., a Tennessee Corporation, and MILENE MUSIC, INC., a Tennessee Corporation,

Defendants-Appellees.

Before:

VAN GRAAFEILAND, CARDAMONE and PIERCE,
Circuit Judges

Petition for rehearing under Fed. R. App. P. 40 made by Cathy Yvonne Stone of this panel's decision in *Stone v. Williams*, 873 F.2d 620 (2d Cir.), *cert. denied*, 58 U.S.L.W. 3301 (U.S. Nov. 7, 1989) (No. 89-295), that affirmed the grant of summary judgment dismissing appellant's complaint on the grounds of laches in the United States District Court for the Southern District of New York (Keenan, J.).

Petition for rehearing granted. Prior opinion vacated and case remanded to the district court.

MILTON A. RUDIN, Beverly Hills, California (Joseph L. Golden, Rudin & Appel, Beverly Hills, California; Kenneth E. Warner, Coblence Warner Hamilton & Smith, New York, New York, of counsel), *filed a brief for Plaintiff-Appellant.*

ALAN L. SHULMAN, New York, New York (Robert J. Warner, Richard H. Frank, Jr., W. Michael Milom, Christian A. Horsnell, Silverman, Shulman & Slotnick, New York, New York, of counsel), *filed a brief for Defendants-Appellees, Hank Williams, Jr., Wesley H. Rose, Roy Acuff, Fred Rose Music, Inc. and Milene Music, Inc.*

THOMAS R. LEVY, New York, New York, *filed a brief for Defendants-Appellees, Billie Jean Williams Berlin, Chappell Music Company and Aberbach Enterprises, Ltd.*

LAWRENCE I. FOX, New York, New York, (Stephen K. Rush, Dianna Baker Shew, Berger & Steingut, of counsel), *filed a brief for Defendants-Appellees, Acuff-Rose Opryland Music, Inc. and Milene-Opryland Music Inc.*

CARDAMONE, *Circuit Judge:*

Pursuant to an order entered August 24, 1989, granting her leave to file a petition for rehearing, Cathy Yvonne Stone petitions this panel under Fed. R. App. P. 40 for a rehearing. She had appealed from a judgment of the United States District Court for the Southern District of New York (Keenan, J.) granting summary judgment to defendant in an action plaintiff brought seeking her purported share of copyright renewal rights to songs composed by Hank Williams, Sr., her natural father. Defendants are the son and common-law wife of the late singer, and several individuals and corporations that are assignees of the copyrights to Hank Williams' songs. Judge Keenan ruled that plaintiff's claim was barred by laches. We affirm the district court in an opinion dated April 21, 1989, *Stone v. Williams*, 873 F.2d 620 (2d Cir.), *cert. denied*, 58 U.S.L.W. 3301 (U.S. Nov. 7, 1989) (No. 89-295).

The petition for rehearing of the appeal is granted. The April 21st opinion and judgment of this Court are vacated, and the matter is remanded to the district court for further proceedings.

I

At the time of plaintiff's appeal before us, she also had pending an appeal to the Supreme Court of Alabama where she sought to have her father's estate opened and to obtain her proportionate share of that estate. The defendants on that appeal included Irene Smith (Hank Williams' sister and the administratrix of his estate at the time plaintiff's claim to the estate was originally decided)

and Robert Stewart (Williams' attorney). In order to achieve that ultimate relief, Ms. Stone necessarily also petitioned the Alabama Supreme Court to set aside two orders entered in 1967 and 1968 by the Montgomery Circuit Court which, though acknowledging that Hank Williams was her natural father, declared that she was not an heir to his estate.

On July 5, 1989, the Supreme Court of Alabama reversed the trial court's award of summary judgment to defendants finding that they had intentionally, willfully and fraudulently concealed plaintiff's identity, existence, claim and rights as a natural child of Hank Williams, Sr. The court determined that defendants' fraud, along with other errors of law, presented sufficient grounds to set aside the 1967 and 1968 decrees that declared that plaintiff was not an heir to Williams' estate. This fraud, the court continued, excused plaintiff's delay in asserting her claim, and it held therefore that plaintiff had asserted her rights timely. It further found substantial evidence in the record that could indicate to a factfinder that defendants fraudulently conspired to keep certain facts relating to plaintiff's existence, identity and potential claim concealed from the courts of Alabama.

A.

A brief review of some of the factual background is necessary to understand the present posture of the matter now before us. When the famous country and western singer Hank Williams died (a few days before plaintiff was born) his mother, Lillian Stone, legally adopted

plaintiff. Hank Williams's sister, Irene Smith, had promised to care for plaintiff in the event that Lillian Stone was unable to. After Lillian Stone's death, Smith reneged on her promise, saying she wanted to avoid the "publicity and gossip" associated with the baby, and that it would be in the child's best interests to be put up anonymously for adoption. But a letter written earlier by Smith to attorney Stewart in 1954 suggests that Smith may have been motivated by more selfish reasons. Pertinent parts of that letter state:

> The idea you have about making Billy [Hank Williams' reputed widow] a legal wife isn't bad at all but I fear that once you accept her as one she will try every trick in the book. I keep thinking about the time when it will be necessary to renew copyrights on Hank's songs, as his legal wife she will be the one to do that unless of course that is one of the rights she gives up. Somehow I just can't picture her giving anything up.
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> * * *
>
> Thanks for sending the royalties check. It sure came in handy. . . . I want to thank you again for looking out for me. You know if mother adopts that child there will be a new will. Tee [Smith's husband] says that if she adopts it and then can't take care of it, he is not going to let me take it. Keep this under your hat, mabey [sic] it will never be necessary for me to have the child at all. I feel that poor child would have a lot better chance in this life if it were adopted by someone that would never know of its origin at all. . . . Oh, well I guess I sound like I just don't want mother to change her will but really that isn't it at all. . . .

Additional correspondence between attorney Stewart and legal counsel for Wesley Rose, one of the copyright assignees, reveals Stewart's early knowledge of plaintiff's claim to the copyright renewals. Relevant language in a letter from Rose's counsel to Stewart, dated February 28, 1962 stated:

> There is no way of evaluating now what a share of the renewal copyrights would be worth and no one could predict their valuation. We feel that a nominal payment might forever cut off the right of this child to the renewals. . . .

Stewart's letter in response, dated July 5, 1962, noted:

> Since the statutory right of the child comes to it through its father, and since the federal courts have held this right belongs to an illegitimate, we may be faced with a difficult problem, and certainly one we would not want to litigate. . . .

Stewart then listed several alternative ways that plaintiff's rights to the renewals might be cut off.

In 1967 Audrey Williams, Hank Williams' former wife (now deceased), petitioned for final settlement of the estate on behalf of her son Hank Williams, Jr. Attorney Stewart was called to testify by a guardian ad litem representing plaintiff. Although he produced a child support and custody agreement executed by Williams – which provided that plaintiff would be cared for by Williams – he did not divulge to the court information he had respecting other matters relating to plaintiff's claim to an interest in her father's estate.

In 1967 and 1968 the Montgomery County Circuit Court accordingly ruled that plaintiff was not an heir to

Williams' estate. Despite this ruling, when in 1969 Stewart became administrator of Williams' estate (succeeding defendant Smith), he began setting aside a share of the estate for plaintiff's benefit. At one time he wrote to Williams, Jr.'s attorney: "the last two distributions to Randall . . . were actually an encroachment on the one-half of the Estate which could conceivably be claimed by the child." When Williams' estate was closed in August 1975, the portion set aside for plaintiff was distributed along with the other estate assets.

B.

Based upon this evidence the Supreme Court of Alabama concluded there was sufficient evidence of fraud perpetrated against Cathy Stone to make disposition of her case by summary judgment on that issue inappropriate. The court also examined whether plaintiff's claim should be barred by laches, and ruled that plaintiff's delay was excusable. The Alabama Supreme Court reasoned that she was permanently removed at age three from the city of her birth to another city for the express purpose of making it highly unlikely that she would discover her father's identity; all public records that might have revealed her paternity were ordered sealed; plaintiff had no idea of her relationship to Williams until 1974, and even then when the matter was first presented to her it was presented as mere speculation; the findings of the Alabama trial court in 1967 and 1968 (declaring that plaintiff was not an heir) were tainted by intentional fraud on the part of the administratrix and attorney of Williams' estate; and finally, plaintiff made prompt demand for her share of her father's estate as soon as she

received the sealed records containing firm evidence of her paternity.

II

Although not bound by the decision of the Alabama Supreme Court – its decision involved different parties and applicable law – we believe that its finding of fraud requires a reappraisal of our decision made before that court ruled. *Cf. Bott v. Four Star Corp.*, 807 F.2d 1567, 1576 (Fed. Cir. 1986) (defendant's egregious conduct may defeat its laches defense); *Johanna Farms, Inc. v. Citrus Bowl, Inc.*, 468 F. Supp. 866, 874 (E.D.N.Y. 1978) ("one who seeks Equity's assistance must stand before the court with clean hands"). More particularly, the finding of fraud warrants a reassessment of the prejudice to defendants that may result should we permit plaintiff's claim to proceed on the merits. *See, e.g., Czaplicki v. the Hoegh Silvercloud*, 351 U.S. 525, 534 (1956); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1040 (2d Cir. 1980). We recognize that the principal defendants in the action before us are Hank Williams, Jr. and Billie Jean Williams Berlin, Hank Williams, Sr.'s common-law wife, not the administratrix and attorney of Williams' estate, as in the Alabama action. However, recited evidence in the Alabama court makes clear that the present defendants were aware of plaintiff's rights to the copyright renewals long before plaintiff. Irene Smith, who was instrumental in concealing from plaintiff evidence of who her father was, acted as Hank Williams, Jr.'s guardian during the 1967-68 proceedings. Similarly, Smith, as administratrix, and Stewart, as attorney, of Hank Williams' estate, conspired to conceal from Cathy Stone her potential rights, and took

pains to cut off those rights. These actions of his guardian benefited Hank Williams, Jr. Hank Williams, Jr.'s counsel was further advised by Stewart that a portion of the estate income was being withheld for appellant. Williams, Jr. never disavowed Stewart's actions, or mentioned any of these facts in prior court proceedings in Alabama in 1985 or in the district court proceeding we earlier reviewed and to which he and plaintiff were parties.

The prejudice to defendants we identified in our prior opinion, 873 F.2d at 625, would not have existed but for the failure of the present defendants to reveal the facts of which they had knowledge. Defendants could have sought a court declaration of their rights vis-a-vis plaintiff. Instead they chose to remain silent. They should not now be allowed to claim that they are prejudiced by plaintiff's present assertion of her rights when they were aware of them all along.

Consequently, in reassessing the equitable circumstances peculiar to this case, the equities fall on plaintiff's side. The present litigation is a contest, after all, between Hank Williams' heirs over copyright renewal rights. To allow defendants to bar plaintiff from claiming her rights when the availability of the laches defense was obtained by them in such an unworthy manner would not only grant defendants a windfall in this suit to which they are not entitled, but would also encourage a party to deliberately mislead a court. Courts of equity exist to relieve a party from the defense of laches under such circumstances. *See Holmberg v. Armbrecht*, 327 U.S. 392, 396-97 (1946).

Consequently, the evidence of fraud, which the Alabama Supreme Court found persuasive, makes summary judgment dismissing plaintiff's claim on the grounds of laches inappropriate. The figure representing justice is blindfolded so that the scales are held even, but justice is not blind to reality. Plaintiff therefore should have her day in court and an opportunity to have a jury determine the merits of her claim.

III

Plaintiff also requests a rehearing *en banc*. She claims an *en banc* hearing is merited because the dismissal of her claim on the ground of laches contradicts copyright law established by the Supreme Court in *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960) and *Menendez v. Holt*, 128 U.S. 514 (1888), and by us in *New Era Publications International v. Henry Holt & Co.*, 873 F.2d 576 (2d Cir. 1989). Since the dismissal of the case on laches grounds which this panel originally affirmed is now reversed, we need not decide this question.

IV

The petition for rehearing is granted. The previous opinion of this Court of April 21, 1989, *Stone v. Williams*, 873 F.2d 620 (2d Cir. 1989), is vacated, and replaced by the present opinion which now reverses the dismissal of plaintiff's complaint by the district court on the ground of laches. The matter is remanded to the district court for further proceedings on the merits.

APPENDIX D-1

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

No. 732 – August Term, 1988

(Argued February 1, 1989 Decided APR 21, 1989)

Docket No. 88-7860

CATHY YVONNE STONE, an Individual,

Plaintiff-Appellant,

v.

HANK WILLIAMS, JR., BILLIE JEAN WILLIAMS BERLIN, CHAPPELL MUSIC COMPANY, a Division of CHAPPELL & CO., INC., a Delaware Corporation, ABERBACH ENTERPRISES, LTD., a New York Corporation, ACUFF-ROSE OPRYLAND MUSIC, INC., a Tennessee Corporation, MILENE-OPRYLAND MUSIC, INC., a Tennessee Corporation, WESLEY H. ROSE and ROY ACUFF, Individually and as Trustees in Liquidation for Stockholders of Fred Rose Music, Inc., and Milene Music, Inc., FRED ROSE MUSIC, INC., a Tennessee Corporation, and MILENE MUSIC, INC., a Tennessee Corporation,

Defendants-Appellees.

Before:

VAN GRAAFEILAND, CARDAMONE and PIERCE
Circuit Judges

Cathy Yvonne Stone appeals the judgment of September 7, 1988 of the United States District Court for the

Southern District of New York (Keenan, J.) granting defendants' motion for summary judgment on the ground of laches, and denying her cross motion for summary judgment, and dismissing her complaint.

Affirmed.

MILTON A. RUDIN, Beverly Hills, California (Joseph L. Golden, Susan H. Green, Rudin & Appel, Beverly Hills, California; Marjorie M. Smith, Coblence Warner Hamilton & Smith, New York, New York, of counsel), *for Plaintiff-Appellant.*

ALAN L. SHULMAN, New York, New York (Robert J. Warner, Jr., Richard H. Frank, Jr., W. Michael Milom, Christian A. Horsnell, Silverman, Shulman & Slotnick, New York, New York, *Attorneys for Defendants-Appellees Hank Williams, Jr., Wesley H. Rose, Roy Acuff, Fred Rose Music, Inc., and Milene Music, Inc.*; Lawrence I. Fox, Stephen K. Rush, Katherine M. Allen, Berger & Steingut, New York, New York, *Attorneys for Defendants-Appellees Acuff-Rose Opryland Music, Inc. and Milene-Opryland Music, Inc.*; Thomas R. Levy, New York, New York, *Attorneys for Defendants-Appellees Billie Jean Williams Berlin, Chappell Music Company and Aberbach Enterprises, Ltd.*, all of counsel), *for Defendants-Appellees.*

CARDAMONE, *Circuit Judge:*

Cathy Yvonne Stone brought this action in the United States District Court for the Southern District of New York (Keenan, J.) for her purported share of copyright renewal rights to songs composed by Hank Williams, Sr.,

her natural father. The defendants in this action are Hank Williams, Jr., the son of Hank Williams and stepson of Billie Jean Williams Berlin, who was married to Hank Williams at the time of his death, and a number of music companies or individuals that have obtained an interest in the copyright proceeds of the Williams' songs including: Aberbach Enterprises; Chappell Music Company; Acuff-Rose Opryland, Inc.; Milene-Opryland Music, Inc.; Fred Rose Music, Inc.; Milene Music, Inc.; Roy Acuff; and Wesley H. Rose. The sole issue presented is whether the district court abused its discretion when it granted defendants' motion for summary judgment and dismissed appellant's complaint on the grounds of laches. Even granting to Ms. Stone's situation the fullest stretch of sympathy, her own delay and procrastination in the end bars her suit. The district court's judgment, therefore, is affirmed.

I FACTUAL BACKGROUND

The dispute arises over copyright renewal proceeds for 60 published and copyrighted songs written or performed by country and western singer Hank Williams (Williams, Sr.) who died intestate on January 1, 1953 at the age of 29. During his lifetime the well-known singer and composer wrote such popular hits as "Your Cheatin' Heart" and "Hey Good Lookin' ". We set forth the facts briefly in chronological order.

Appellant Stone was born on January 6, 1953 in Alabama, five days after Williams, Sr. died. While Ms. Stone's biological mother, Bobbie Jett, was pregnant with her in October of 1952, she and Williams, Sr. executed an

agreement under which he acknowledged that he might be the father of appellant, but specifically did not admit paternity. The agreement further provided that Williams, Sr. pay Bobbie Jett for Ms. Stone's support, and placed the infant's custody until age 2 in Lillian Williams Stone, mother of Williams, Sr., who was present at the drafting and the execution of the agreement together with the two principals. Pursuant to its terms, Lillian Stone adopted plaintiff, and Bobbie Jett left for California. Until her death in 1955 Mrs. Stone cared for appellant. At that point, Williams, Sr.'s sister, Irene Smith, reneged on her promise to care for Cathy Stone if anything happened to Lillian Stone. As a result, appellant became a ward of the State of Alabama, and at age three in 1956 a foster child of the Deupree family. The Deuprees adopted her in 1959.

Williams, Sr. had a son, Hank Williams, Jr. The assignment of Hank Williams, Jr.'s copyright interests in his father's music generated litigation in 1967 and 1968 in the Circuit Court of Montgomery County, Alabama. That court appointed a guardian *ad litem*, attorney Drayton Hamilton, to ascertain any unknown potential heirs to the Williams estate and to represent their interests. After investigating, Hamilton concluded that the only such person was appellant Stone. Unbeknownst to Ms. Stone, her adoptive family, the Deuprees, had asked Hamilton to leave her out of the 1967 proceedings, because they thought it unlikely that she would win and were worried that their then 14-year-old daughter would be subjected to embarrassing publicity because of her status as the illegitimate child of a famous country western singer. Nonetheless, Hamilton zealously litigated Ms. Stone's interests, but to no avail. The Alabama court determined

that Hank Williams, Jr. was the sole heir of his father, and further held that appellant, as a natural child who had been adopted by another family, had no rights in any proceeds from the Williams, Sr.'s songs or their renewal rights. In reaching this conclusion, it relied on *De Sylva v. Ballentine*, 351 U.S. 570 (1956) (holding that courts must look to state law to determine child's legal status for inheritance before evaluating the child's renewal rights under the Copyright Act).

After the disruptive first few years of her life, Ms. Stone appears to have enjoyed an ordinary childhood, and developed a closely bonded relationship with the Deuprees, with no knowledge of her natural parents. Then, in late 1973, shortly before appellant's 21st birthday, Mrs. Deupree told her of the rumors regarding the identity of her natural father, but added that everything had been decided against her. This disclosure was necessary because, upon turning age 21, Ms. Stone was entitled to a small inheritance from Williams, Sr.'s mother, Lillian Stone. The Deuprees were concerned that appellant might encounter reporters while claiming the inheritance and wanted to arm her with knowledge. After picking up the inheritance check (about $3,800) at the Mobile County Courthouse, Ms. Stone went to a library and read a biography on Williams, Sr., entitled *Sing a Sad Song*, written by Roger Williams. This book mentioned the possibility that Williams, Sr. had fathered an illegitimate daughter, and the author speculated on the child's entitlement to a renewal interest in his songs. Ms. Stone surmised that she might be that daughter.

In the following years, appellant asked the Deuprees about her background and talked to some attorney acquaintances, but did little else to ascertain her connection to Williams. She recalls that the Deuprees told her that there was nothing more to do. In 1979, she met with personnel from the state agency responsible for adoptions – the Alabama Department of Pensions and Securities – but states that she no longer remembers the substance of the conversation. The record, including appellant's deposition, suggests that her feelings about Williams' parentage were ambivalent.

Her attitude crystallized in 1980 when she received a telephone call from her adoptive father, George Deupree. Evidently alluding to his decision not to pursue Ms. Stone's rights in the 1967-68 lawsuits, Deupree told her that he had undergone a change of heart after seeing Hank Williams, Jr. on a television show. Deupree has since died, but appellant related the conversation in her deposition: "I want to ask you if you would like to find out if Hank Williams is your father. He said think about it. And he said I will help you in any way that I can. And he said I think I was wrong in withholding information from you and not discussing it. And I will do everything I can to help you."

Following this call, Ms. Stone stepped up her efforts to learn about her relationship to Williams, Sr. she looked up newspaper articles about him, and sought out his relatives and those of her natural mother, Bobbie Jett, who had also since died. She met with attorney Hamilton, her former guardian *ad litem*, and discussed with him the 1952 custody and support agreement between Bobbie Jett and Williams, Sr., and obtained the records from the 1967

and 1968 Circuit Court proceedings. But Ms. Stone did not examine those documents until after she met attorney Keith Adkinson (who later became her husband) in 1984.

Appellant filed the original declaratory judgment complaint in this action on September 12, 1985 which, as amended to include all of the above-named defendants, contains two claims. The first claim against all the defendants arises under the Copyright Acts of 1909 and 1976 and seeks a number of declarations, including that Ms. Stone is the natural daughter of Williams, Sr., and as such is entitled to a proportionate share of the renewal rights from his songs. The second claim alleges that certain of the defendants committed a conspiracy to defraud her.

In addition to this federal action, Hank Williams, Jr. and Ms. Stone sued each other in Alabama state court in 1985, each seeking a declaratory judgment on appellant's status vis-a-vis Hank Williams, Sr. That court held that even though Ms. Stone was the natural child of Williams, Sr., she was not his heir under Alabama law. Thus, it gave preclusive effect to the prior 1967 and 1968 Alabama Circuit Court state ruling.

Appellant and defendants moved for summary judgment in the instant action on a number of grounds including statute of limitations and res judicata. The district court, in granting defendants' motion for summary judgment and dismissing her complaint, relied on the doctrine of laches and did not reach the other issues.

II DISCUSSION

Historically laches developed as an equitable defense based on the latin maxim *vigilantibus non dormientibus*

aequitas subvenit (equity aids the vigilant, not those who sleep on their rights). *See Independent Bankers Ass'n of America v. Heimann*, 627 F.2d 486, 488 (D.C. Cir. 1980) (per curiam). In contrast to a statute of limitations that provides a time bar within which suit must be instituted, laches asks whether the plaintiff in asserting her rights was guilty of unreasonable delay that prejudiced the defendants. *See, e.g., Gardner v. Panama Railroad Co.*, 342 U.S. 29, 31 (1951); *Lottie Joplin Thomas Trust v. Crown Publishers, Inc.*, 592 F.2d 651, 655 (2d Cir. 1978). The answers to these questions are to be drawn from the equitable circumstances peculiar to each case.

A ruling on the applicability of laches is overturned only when it can be said to constitute an abuse of discretion. *See Czaplicki v. The S.S. Hoegh Silvercloud*, 351 U.S. 525, 534 (1956); *Gardner v. Panama Railroad Co.*, 342 U.S. 29, 30 (1951); *Dickey v. Alcoa S.S. Co.*, 641 F.2d 81, 82 (2d Cir. 1981) (per curiam). Because this is an appeal from a motion for summary judgment that dismissed appellant's complaint, we construe the record in the light most favorable to appellant. We therefore presume the correctness of the 1985 holding of the State Court of Alabama that Cathy Stone is the natural daughter of Hank Williams, Sr. *See United States v. Diebold, Inc.*, 369 U.S. 654, 655 (1962) (per curiam) (inferences must be drawn in favor of nonmoving party).

We must analyze the reasonableness of delay and the resulting prejudice, *see, e.g., Czaplicki*, 351 U.S. at 533; *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1040 (2d Cir. 1980), to see whether there was a material issue of fact that should have been submitted to a jury. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48 (1986).

A. Delay

Although laches promotes many of the same goals as a statute of limitations, the doctrine is more flexible and requires an assessment of the facts of each case – it is the reasonableness of the delay rather than the number of years that elapse which is the focus of inquiry. *See Gardner*, 342 U.S. at 31-32 (the matter should not be determined by reference to mechanical application of statute of limitations; equities of parties must be considered); *Holmberg v. Armbrecht*, 327 U.S. 392, 396 (1946); *Wagg v. Herbert*, 215 U.S. 546, 553 (1910). In holding that Ms. Stone unreasonably delayed in bringing this action to have her rights declared, the district court focused on the years 1974-85, beginning with Mrs. Deupree's conversation with appellant regarding the inheritance, and ending with the filing of the complaint that initiated the instant case.

In our view, the delay for the period from 1974 to 1980 may well have been entirely excusable under the circumstances. First, her relationship with the Deuprees is by all indications the paradigm of a successful adoption. Thus, it is not surprising that loyalty and gratitude to Mr. and Mrs. Deupree, whom she considered her real parents, gave her pause at doing anything that might hurt their feelings. For this reason, George Deupree's telephone call to Ms. Stone is significant. Only after he called in 1980 could appellant be sure that investigating her natural parentage would not damage the only family bonds she knew. Second, Ms. Stone's embarrassment at asserting her relationship to Williams, Sr. is also understandable, because his notoriety would have made publicity almost impossible for her to avoid. This is

substantiated by the extensive press coverage of the 1967 and 1968 court proceedings.

Third, only in recent years have courts and the general public come to recognize that children born of unmarried parents should not be penalized by being accorded a status for which they are not to blame. In the 1967 and 1968 proceedings, attorney Hamilton argued on Ms. Stone's behalf that discriminating against illegitimate children violated the Federal Constitution. Unfortunately for appellant, Hamilton was before his time; the case that would remove much of the stigma associated with illegitimacy was then pending before the Supreme Court, but not decided until after appellant's rights had been adjudicated. *See Levy v. Louisiana*, 391 U.S. 68, 72 (1968) (holding unconstitutional state statute that discriminated against illegitimates to discourage births out of wedlock).

But even though Ms. Stone might arguably be excused for the reasons just stated from filing suit until 1980, there is simply no plausible explanation for her delay in filing the instant complaint until September 1985, after five more years had passed. Appellant's filial loyalty is admirable, and one can sympathize with her feelings of embarrassment and trepidation attendant upon widespread personal publicity. But these reasons for delay cannot last forever for purposes of laches. A point arrives when a plaintiff must either assert her rights or lose them. Here Ms. Stone's procrastination and delay, which silently allowed time to slip away, remain as the only reason for her failure [sic] bring suit earlier.

Where plaintiff has not slept on her rights, but has been prevented from asserting them based, for example,

on justified ignorance of the facts constituting a cause of action, personal disability, or because of ongoing settlement negotiations, the delay is reasonable and the equitable defense of laches will not bar an action. *See* Note, *Laches in Federal Substantive Law: Relation to Statutes of Limitation*, 56 B. U. L. Rev. 940, 972 (1976). There is no such reasonable excuse, or any issue of fact presented in the instant case that would permit a jury to excuse appellant's delay for the five years beginning in 1980 and ending in September 1985.

B. Prejudice

Laches is not imposed as a bar to suit simply because a plaintiff's delay is found unexcused; it must also be determined whether the defendants have been prejudiced as a result of that delay. *See Saratoga Vichy Spring Co.*, 625 F.2d at 1040. Although an evaluation of prejudice is another subject of focus in laches analysis, it is integrally related to the inquiry regarding delay. Where there is no excuse for delay, as here, defendants need show little prejudice; a weak excuse for delay may, on the other hand, suffice to defeat a laches defense if no prejudice has been shown. *See Larios v. Victory Carriers, Inc.*, 316 F.2d 63, 67 (2d Cir. 1963). Defendants may be prejudiced in several different ways. *See Gull Airborne Instruments, Inc. v. Weinberger*, 694 F.2d 838, 844 (D.C. Cir. 1982). One form of prejudice is the decreased ability of the defendants to vindicate themselves that results from the death of witnesses or on account of fading memories or stale evidence. Another type of prejudice operates on the principle that it would be inequitable in light of some change in defendant's position to permit plaintiff's claim

to be enforced *See Holmberg*, 327 U.S. at 396. Defendants here were prejudiced in both ways.

As the district court noted, some of the key people having knowledge of the events preceding Ms. Stone's birth have died since 1974 – George Deupree, Bobbie Jett and Billie Jean Williams Berlin [sic]. All of their deaths are not equally prejudicial. For example, Bobbie Jett died in 1974, so absence of her testimony cannot be found to prejudice defendants because she would not have been alive to testify even if appellant had filed suit immediately. Nevertheless, the circumstances giving rise to this appeal have already spanned over two decades and the additional five years of Ms. Stone's unexcused delay doubtless would hamper the defense further – appellant's deposition reveals that even her memory has faded significantly in the interim. *See Dickey v. Alcoa S.S. Co.*, 641 F.2d 81, 83 (2d Cir. 1981). We conclude that the defendants were prejudiced to some degree by evidence that was lost by death or weakened during the delay. Because the defendants were injured in other ways by the delay, we need not hold that a finding of this kind of prejudice is alone sufficient to support the laches defense.

Prejudice may also be found if, during the period of delay, the circumstances or relationships between the parties have changed so that it would be unfair to let the suit go forward. The defendants have entered into numerous transactions involving Williams, Sr.'s songs. Ms. Stone responds that these transactions need not be unravelled – she could simply share in the profits. But that argument ignores the fact that the transactions were premised on the apparent certainty of the ownership of the songs' renewal rights – attributable to appellant's delay. This

procrastination prejudiced defendants by lulling them into a false sense of security that the renewal rights were as they appeared and that she would not contest the 1967 and 1968 court ruling. *See Independent Bankers Ass'n of America v. Heimann*, 627 F.2d at 488 (D.C.Cir. 1980); *Carl Zeiss Stiftung v. VEB Carl Zeiss Jena*, 433 F.2d 686, 704 (2d Cir. 1970), *cert. denied*, 403 U.S. 905 (1971).

We cannot be sure that defendants' [sic] would have struck the bargains they did had they anticipated the diminution in their profits that Ms. Stone seeks. This result is logically not altered by whether the defendants made actual expenditures or whether they simply incurred the opportunity costs implicated in foregoing other ventures. As Judge Learned Hand wrote as a district court judge in a copyright case in which the plaintiff delayed for 16 years before filing suit, it would be unfair for a plaintiff "to stand inactive while the proposed infringer spends large sums of money in its exploitation, and to intervene only when his speculation has proved a success. Delay under such circumstances allows the owner to speculate without risk with the other's money; he cannot possibly lose, and he may win." *Haas v. Leo Feist, Inc.*, 234 F. 105, 108 (S.D.N.Y. 1916); *see also Independent Bankers*, 627 F.2d at 488. We therefore agree with the district court that the change in relationships and circumstances that occurred while Ms. Stone delayed would prejudice the defendants if the case were allowed to proceed at this late date.

Finally, we note that the underlying value of the laches doctrine, as with statutes of limitations, is that of repose. Even assuming that appellant's claims are meritorious, the availability of the laches defense represents a

conclusion that the societal interest in a correct decision can be outweighed by the disruption its tardy filing would cause. Thus, courts, parties and witnesses "ought to be relieved of the burden of trying stale claims when a plaintiff has slept on his rights." *See Burnett v. New York Central R.R. Co.*, 380 U.S. 424, 428 (1965).

III CONCLUSION

We hold therefore that Ms. Stone's delay in filing suit until September 1985 was unexcused and has prejudiced defendants. Accordingly, the order of the district court is affirmed.

APPENDIX E-1

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CATHY YVONNE STONE, Plaintiff, -against- HANK WILLIAMS, JR., BILLIE JEAN WILLIAMS BERLIN, CHAPPELL MUSIC COMPANY, a division of CHAPPELL & CO., INC., ABERBACH ENTERPRISES, LTD., ACUFF-ROSE OPRYLAND MUSIC, INC., MILENE-OPRYLAND MUSIC, INC., WESLEY H. ROSE and ROY ACUFF, Individually and as Trustees in Liquidation for Stockholders of Fred Rose Music, Inc. and Milene Music Inc., FRED ROSE MUSIC, INC., and MILENE MUSIC, INC., Defendants.	85 Civ. 7133 (JFK) OPINION and ORDER

APPEARANCES:

For Plaintiff:
James A. Goodman, Esq.
Rudin, Richman & Appel
Beverly Hills, CA
Of Counsel: Marjorie Smith, Esq.
Coblence & Warner
New York, NY

F. Keith Adkinson, Esq.
Washington, D.C.

For Defendants Hank Williams, Jr.,
Wesley H. Rose, Roy Acuff,
Fred Rose Music, Inc. and
Milene Music, Inc.:
Alan L. Shulman, Esq.
Silverman, Shulman & Slotnick, P.C.
New York, NY

For Defendants Acuff-Rose Opryland Music, Inc.
and Milene-Opryland Music, Inc.:
Lawrence I. Fox, Esq.
Berger & Steingut
New York, NY

For Defendants Billie Jean Williams Berlin, Chappell
Music Company and Aberbach Enterprises, Ltd.:
Thomas R. Levy, Esq.
New York, NY

JOHN F. KEENAN, United States District Judge

JOHN F. KEENAN, United States District Judge:

Background

Plaintiff, born on January 6, 1953, brings this action concerning her allegation that she is the illegitimate daughter of the late country and western singer Hank Williams, Sr. ("Hank") and is entitled to a share of the royalties derived from Hank's compositions ("the Works").

Plaintiff has sued ten defendants: Hank Williams, Jr., the legitimate son of Hank and Audrey Mae Williams; Billie Jean Williams Berlin, who was married to Hank

when he died on January 1, 1953; Aberbach Enterprises, Ltd., the owner of the copyright renewal rights in the Works that previously had been held by Berlin and were transferred to Aberbach pursuant to a May 28, 1969 agreement; Chappell Music Company, an entity that acts as an administrative agent for Aberbach in connection with the Berlin renewal interest; Acuff-Rose Opryland Music, Inc. ("ARO"), the successor in interest of both the original rights and the renewal rights in the Works held by Williams, Jr.; Milene-Opryland Music, Inc. ("MOM"), an additional successor in interest in the original rights and the renewal rights in the Works held by Williams, Jr.; Fred Rose Music, Inc. ("FRMI"), a corporation that, in 1963, obtained the renewal rights held by Williams, Jr. and was liquidated on May 29, 1985; Milene Music, Inc., a corporation that, in 1963, also obtained the renewal rights held by Williams, Jr. and was liquidated on May 29, 1985; and Roy Acuff and Wesley H. Rose, Trustees in Liquidation for FRMI and Milene Music.

The Third Amended Complaint alleges two causes of action. First, the complaint avers that plaintiff is Hank's illegitimate daughter, and as such is a "child" entitled to one-third of the rights, and interests in and derived from, the Works pursuant to the United States Copyright Act of 1976. Second, plaintiff contends that defendants ARO, MOM, Rose, Acuff, FRMI and Milene and certain non-parties engaged in a conspiracy that lasted over fifteen years. The goal of this alleged scheme was to prevent plaintiff from perfecting her copyright interest in the Works so that the defendants would have the sole financial benefit of the copyrights. The defendants purportedly achieved this goal by withholding from plaintiff and the

Alabama state courts information about her identity and by arranging for the appointment of Drayton Hamilton as guardian ad litem for plaintiff during legal proceedings held in 1967-1968. In addition, the scheme allegedly included a 1963 agreement made by Williams, Jr., through his guardian, with FRMI and Milene providing for Williams, Jr. to transfer his rights in the Works.

Currently pending before the Court are three motions. The defendants have jointly moved for summary judgment asserting, *inter alia*, that the claims are barred by the copyright statute of limitations, laches, equitable estoppel, res judicata, collateral estoppel, and the terms of the 1976 Copyright Act. Plaintiff has cross-moved for partial summary judgment on her claim that she is Hank's natural daughter and that she is entitled to an undivided one-third interest in all renewal rights in the Works. Defendant Berlin, Chappell Music and Aberbach Enterprises have moved for partial summary judgment on the ground that if plaintiff were to prevail on her first cause of action, Berlin is entitled to a one-half interest in the Works and Hank's children are entitled jointly to a one-half interest.

For the reasons set forth below, the Court grants the defendants' motion for summary judgment and the complaint is dismissed in its entirety. The Court, therefore, does not reach the questions raised in either plaintiff's partial summary judgment motion or in the partial summary judgment motion made by defendants Berlin, Chappell Music and Aberbach Enterprises.

Facts

For the purposes of defendants' summary judgment motion, the Court assumes that Hank is plaintiff's natural father. Her natural mother is Bobbie Jett. Plaintiff was conceived in approximately April, 1952. Although Hank allegedly wanted to raise the child, his desires did not extend to marrying the child's mother, Bobbie Jett. This intention was made unmistakably clear on October 18, 1952, when Hank married defendant Berlin. However, Hank entered a contract with Jett three days prior to marrying Berlin. The agreement addressed custody issues and called for him to bear various financial responsibilities in connection with the birth of Jett's child. The contract also stated that paternity was in doubt and not admitted by the agreement. On January 1, 1953, Hank Williams, Sr. died at 29 years of age. Less than one week later, on January 6, 1953, Bobbie Jett gave birth to plaintiff.

After Jett left the hospital, the baby was left in the care of Lillian Stone and Marie Harvell, Hank's mother and cousin respectively. On December 23, 1954, a final decree of adoption was entered by the Montgomery County, Alabama, Department of Public Welfare giving Mrs. Stone the child. Irene Smith, Hank's sister, promised to care for the child in the event something happened to Mrs. Stone. Sadly, Mrs. Stone died on February 26, 1955 and Smith broke her pledge. Plaintiff was made a ward of the State of Alabama on April 29, 1955 and remained a ward of the state until February 21, 1956. On that date, an interlocutory order of adoption was entered giving custody to the Deupree family. On April 23, 1959, a final decree of adoption was entered.

While plaintiff was being raised by the Deuprees and living her early life, events concerning Hank's estate and other collateral issues continued to unfold. Plaintiff was awarded $2,000 as her homestead interest in Mrs. Stone's residence after Mrs. Stone died. This money was placed in an interest-bearing account with the Circuit Court of Montgomery County, Alabama, to be held for plaintiff until she turned twenty-one years old on January 6, 1974. As will be described below, plaintiff only became aware of this bequest in approximately December, 1973. In 1963, the guardian of Wiiliams [sic], Jr. petitioned the Circuit Court of Montgomery County, Alabama, for permission to sell Williams, Jr.'s rights in the renewal term copyrights in the Works to FRMI. The court granted the request and an agreement was entered on March 20, 1963.

This agreement resulted in litigation taking place during 1967 and 1968 in the Circuit Court. The action attempted to determine all rights in the Works and involved Williams, Jr.'s petition to vacate the 1963 agreement. Thus, an inquiry was made into the existence of any unknown heirs to the estate. Drayton N. Hamilton, a Montgomery attorney who had previously been appointed as plaintiff's guardian ad litem in connection with Lillian Stone's estate, was named guardian ad litem by the Circuit Court to represent any minors who might have an interest in Hank's estate. After conducting an investigation, Hamilton told the court that plaintiff was the only potential additional heir. Hamilton contacted the Deuprees through the Alabama Department of Pensions and Security ("Alabama P & S") and advised them of the 1967-1968 proceedings. Mr. and Mrs. Deupree came to

Montgomery and apparently had a meeting with Hamilton. Hamilton was told not to pursue any claim on behalf of plaintiff. Despite this request, Hamilton continued to press vigorously the rights of plaintiff as Hank's natural daughter. During his activities, Hamilton obtained a copy of the 1952 contract between Hank and Jett which was introduced as evidence in the Circuit Court. After conducting evidentiary hearings which were widely reported in the Alabama press, the Circuit Court ruled that plaintiff was not an heir entitled to any inheritance from Hank's estate. Hamilton then unsuccessfully sought leave to appeal the court's rulings, despite the wishes of the Deuprees.

The matter remained closed until approximately the end of 1973. By this time, plaintiff was a college student at the University of Alabama. The Deuprees went to Tuscaloosa to visit plaintiff at college during either the end of December, 1973 or the early part of January 1974. Since plaintiff was on the verge of turning twenty-one years old, the issue of Lillian Stone's estate needed to be addressed. At one point during the visit of her adoptive parents, plaintiff went to the Deuprees' hotel room. Although the accounts of plaintiff and Mrs. Deupree differ slightly, the following is undisputed. Mrs. Deupree told plaintiff that Hank Williams, Sr. either was, or could be, her biological father, and that after her twenty-first birthday plaintiff had to go to the Montgomery courthouse to pick up an inheritance from the estate of Lillian Stone. Soon thereafter, plaintiff went to Montgomery and was accompanied by an uncle, Stanley Fountain, who was a United States Marshal. Her conversation with Mrs. Deupree and her trip to Montgomery prompted plaintiff

to visit a library in Tuscaloosa to research Hank's life. Plaintiff read a book by Roger Williams entitled *Sing a Sad Song* which chronicled Hank's life. The book contained a passage concerning a child born to a brunette from Tennessee. The child, according to the book, was cared for by Lillian Stone until the child was adopted. After her discussion with Mrs. Deupree and the receipt of a $3,800 inheritance from the Stone estate, plaintiff thought that this child might have been herself when she read the book in early 1974. Plaintiff, who claims Mrs. Deupree told her that there was no proof showing Hank to be her natural father and that everything had already been decided against plaintiff, then chose not to pursue the matter further.

Another significant event occurred during 1976. Plaintiff told Nicholas Braswell, a Montgomery attorney who was married to one of plaintiff's college sorority sisters, that she was adopted and might be the biological daughter of Hank Williams, Sr. Braswell was familiar with Judge Richard Emmett [sic] who had presided over the 1967-1968 Circuit Court proceedings. Braswell told plaintiff that Judge Emmett [sic] had a tremendous interest in Hank and had memorabilia from Hank's career all over his office. Braswell asked plaintiff if she objected to his calling up Judge Emmett [sic] and passing along her claim; plaintiff told Braswell to call Judge Emmett [sic]. After Braswell spoke with the judge, he again spoke with plaintiff, telling her that Judge Emmett [sic] would like to meet her. Plaintiff, however, never tried to contact the judge while he was in Montgomery. At some point, Judge

Emmett [sic] moved from Montgomery, Alabama, to California. Although plaintiff learned about this relocation in the newspapers, she never attempted to find out where in California Judge Emmett [sic] moved to, and never attempted to contact him.

In December, 1980, plaintiff received a telephone call from Mr. Deupree. During the conversation, Deupree told plaintiff that he had made certain decisions in the 1960's which he had come to regret. Presumably, these decisions concerned the 1967-1968 proceedings in the Circuit Court. Deupree stated that if plaintiff wanted to discover whether Hank was her biological father, he would help in any way possible. Deupree evidently had this change of heart after watching Williams, Jr. give an interview on a television program. Deupree told plaintiff that he would send her some newspaper articles and the names of certain individuals with whom he had been in contact during the 1960's.

At this point, plaintiff attempted to discover what her file with the Alabama P & S contained. Although plaintiff could not obtain access to her file, she does not recall the reasons given by the Alabama P & S. She then told the Alabama P & S that she wanted to contact her natural mother. As a result, the department wrote a letter to Willard Jett, Bobbie Jett's uncle. During 1981, plaintiff once again read books and newspaper articles on Hank. Yet, it was in 1981 that she read an article that referred to Hank's cousin, Marie Harvell. She had previously spoken with Charles Carr, Hank's chauffeur, a name she uncovered by reading a book. Carr told plaintiff about the existence of Harvell. During 1981, plaintiff visited Harvell. Upon seeing a birth mark on plaintiff's arm, Harvell

began to cry, evidently believing that plaintiff was Hank's daughter. Plaintiff made subsequent visits to the Harvell home and discussed Hank, Bobbie and their relationship. Harvell also gave plaintiff Willard Jett's name. Plaintiff telephoned Willard, who resided in Nashville, and was told that Bobbie had died. Plaintiff had additional telephone conversations with Willard and had meetings with his wife. Later in 1981, plaintiff travelled to Nashville and met other members of the Jett family. In addition, plaintiff went to see the Cooks, a family that cared for plaintiff after the death of Mrs. Stone and prior to her adoption by the Deuprees. In October, 1981, plaintiff travelled to California to gather more information about Bobbie Jett; plaintiff made no attempt to locate Judge Emmett [sic] during this trip.

Plaintiff's investigation also brought her to Drayton Hamilton and another lawyer, Joseph Matranga. Plaintiff went with Hamilton to the Montgomery courthouse to examine records pertaining to the 1967-1968 proceeding. Mr. Deupree retained Matranga to assist with the investigation and Matranga recommended to plaintiff that she solicit Hamilton's assistance in locating pertinent documents. Hamilton stated that he would send material to Matranga. Despite being in contact with Hamilton and seeing a large box of documents in 1981, it was not until 1984 that plaintiff asked Matranga for the documents he had received from Hamilton. In September, 1984, plaintiff met F. Keith Adkinson, an attorney who she subsequently married. On September 12, 1985, plaintiff brought this lawsuit.

Over the past twenty years, other events touching on this case have also transpired. Since January 1, 1974,

Bobbie Jett, Audrey Mae Williams and George Deupree have all died. In addition, Robert Stewart, who drafted the 1952 contract between Hank and Bobbie, and represented Hank and members of his family and the estate, died in the intervening years. Various financial transactions have been completed during the past twenty years. FRMI and Milene paid royalties from the Works to Hank's estate, Williams, Jr. and Audrey Mae Williams. Pursuant to the 1963 agreement, FRMI, Milene, ARO and MOM have all paid royalties to Williams, Jr. based on the Works' renewal term rights. Consequently, Williams, Jr. has reported these royalties on his personal income taxes over the years. After the payment of royalties for the period ending June 30, 1985, ARO and MOM have withheld from Williams, Jr. payments of royalties arising out of the renewal term rights pursuant to an assignment. ARO and MOM, as well as FRMI and Milene, reported on their tax returns those royalty sums not paid to Williams, Jr., Audrey Mae Williams or the estate. In addition, these entities executed licenses and contracts for the exploitation of the Works. When FRMI and Milene were liquidated, the Trustees sold the copyrights that the companies held, warranted their good title and pledged to indemnify the purchaser for any breach of the warranties. Berlin, Chappell and Aberbach have also received royalties based on Berlin's interest in the renewal term rights. Each has reported these royalties on their respective income taxes.

DISCUSSION

The parties in this hotly contested action have thoroughly briefed several areas including the 1976

Copyright Act, the statute of limitations, res judicata and collateral estoppel. However, this entire controversy turns on a basic and time honored principle: "Equity aids the vigilant, not those who slumber on their rights." *Standard Oil Co. of New Mexico v. Standard Oil Co. of California*, 56 F.2d 973, 975 (10th Cir. 1932).

The doctrine of laches serves as a complete bar to a plaintiff's claims if the defendants demonstrate an unreasonable and inexcusable delay by plaintiff in bringing the lawsuit and that the delay resulted in undue prejudice suffered by the defendants. *Dalsis v. Hills*, 424 F. Supp. 784, 788 (W.D.N.Y. 1976). Laches requires a balancing of the equities between the parties. *Potash Co. v. International Minerals & Chemical Corp.*, 213 F.2d 153, 156 (10th Cir. 1954). Therefore, the longer a plaintiff unjustifiably delays in asserting a claim, the lesser the showing of prejudice that will be required of the defendant. *Gull Airborne Instruments, Inc. v. Weinberger*, 694 F.2d 838, 843 (D.C. Cir. 1982). The laches calender clearly does not turn its pages when an individual is justifiably ignorant of the facts giving rise to a claim. *Potash Co.*, 213 F.2d at 155. However, a plaintiff cannot look away from facts that could support a claim, and then later – in this case, many years later – begin to act on those facts and obtain judicial relief. Thus, the clock begins to tick when plaintiff has either actual or constructive notice of facts supporting a cause of action. *Knox v. Milwaukee County Board of Elections Commissioners*, 581 F. Supp. 399, 402 (E.D. Wis. 1984); *Anaconda Co. v. Metric Tool & Die Co.*, 485 F. Supp. 410, 427 (E.D. Pa. 1980). As the Supreme Court noted nearly a century ago,

> [t]he defense of want of knowledge on the part of one charged with laches is one easily made, easy to prove by his own oath, and hard to disprove; and hence the tendency of courts in recent years has been to hold the plaintiff to a rigid compliance with the law which demands, not only that he should have been ignorant of the fraud, but that he should have used reasonable diligence to have informed himself of all the facts.

Foster v. Mansfield, Coldwater and Lake Michigan Railroad Co., 146 U.S. 88, 99 (1892).

An analysis of plaintiff's conduct demonstrates that she ignored facts as early as 1974 that alerted her to the strong possibility that Hank Williams, Sr. was her biological father. Indeed, a cynic might suggest that plaintiff slumbered peacefully, and knowingly, on her rights until she was awakened by the attractive sound of a ringing cash register.

As plaintiff reached twenty-one years of age in January, 1974, she was told, at a minimum, that she could be the biological daughter of one of the most successful country and western singers of all time, Hank Williams, Sr. Soon thereafter, she went to the courthouse in Montgomery to pick up an inheritance of over $3,000 from the estate of a woman who plaintiff could have readily discovered to be Hank's mother. Plaintiff testified that this amount was a significant figure to her when she went to the courthouse at age twenty-one. Despite the fact that she was an adult at the time, plaintiff was accompanied to court by her uncle, a federal marshal, because of the Deuprees' concern that news reporters would be present.

At this point, a reasonable person would clearly be on notice that Hank was suspected to be plaintiff's biological father. In fact, plaintiff herself entertained this thought. After receiving her inheritance, she went to a library and read a biography of Hank, *Sing a Sad Song*, written by Roger Williams. Plaintiff believed that she might have been the subject of a passage describing Hank's illegitimate daughter born in 1953. However, she did nothing to pursue the issue other than to ask the Deuprees certain questions, the subject matter of which she does not remember. Plaintiff, an adult, accepted the statements of the Deuprees that there was no proof of Hank's parentage and that "it had all been decided." Moreover, in 1976 plaintiff learned that Judge Richard Emmett [sic] was a long time Hank Williams buff. Plaintiff permitted the judge to be told of her claim that she might be Hank's illegitimate daughter, but opted not to see him after learning of the judge's desire for a meeting. Indeed, once the judge moved to California, she did not attempt to locate him.

The fact that plaintiff made a calculated decision not to pursue her biological link to Hank during the 1970's is made irrefutable by her deposition testimony. At her deposition on November 5, 1986, plaintiff testified as follows:

> Q. Do you recall ever having the feeling that you did not want anyone to know that you may be the daughter of Hank Williams or believed yourself to be the daughter of Hank Williams?
>
> . . . .
>
> A. Yes, sir.

Shulman Aff., Ex. 2 at 332-33.

Q. Is there any reason to think that it's not true? That those were your feelings between the period of January or December '73 or January '74 through 10/17/79?

A. No, sir.

Id. at 333.

Q. Let's try to put this in prospective [sic]. We've already discussed one time in your life that you didn't want to be linked with Hank Williams; is that right?

A. Yes, sir.

Q. But you don't have a specific knowledge as to the beginning and ending period of that feeling; is that correct?

A. That's correct.

Q. Based upon this testimony and your prior testimony, you had that feeling, did you not, between, at least December '73 and 10/17/79?

. . . .

Q. Based upon this information and your prior testimony?

A. Yes, sir.

Q. It's your statement that you did not want to be identified in any way with Hank Williams between December '71 [sic] and 10/17/79 in any way, correct?

. . . .

A. That's correct.

Id. at 342-43.

As a result of her desire not to be connected with Hank, plaintiff did not attempt to contact any individual who had personal knowledge of plaintiff's parentage. Plaintiff never attempted to contact any relative of either Hank or Bobbie Jett, any of Hank's personal or professional acquaintances, Robert Stewart, the attorney for Hank's estate, author Roger Williams, or any member of the press with knowledge of the 1967-1968 proceedings. For whatever reason, plaintiff did not seriously look into her link with Hank until 1981. It is beyond dispute that plaintiff engaged in an unreasonable and inexcusable delay in bringing her claim.

The Court now turns to whether plaintiff's delay resulted in undue prejudice to the defendants. The types of prejudice that support the defense of laches include " 'the loss of evidence that would support the defendant's position,' " or the defendant having changed his position in a manner that would not have occurred if the plaintiff had acted promptly. *Goodman v. McDonnell Douglas Corp.*, 606 F.2d 800, 808 n.17 (8th Cir. 1979) (quoting *Tobacco Workers International Union Local 317 v. Lorillard Corp.*, 448 F.2d 949, 958 (4th Cir. 1971)), *cert. denied*, 446 U.S. 913 (1980). Prejudice may also be found where a defendant has acted in reliance on the "false sense of security" that he was lulled into by the plaintiff's delay. *See Independent Bankers Assoc. v. Heimann*, 627 F.2d 486, 488 (D.C. Cir. 1980) (per curiam); *Helene Curtis Industries, Inc. v. Church & Dwight Co., Inc.*, 560 F.2d 1325, 1334 (7th Cir. 1977), *cert. denied*, 434 U.S. 1070 (1978); *Carl Zeiss Stiftung v. V.E.B. Carl Zeiss Jena*, 433 F.2d 686, 704 (2d Cir. 1970), *cert. denied*, 403 U.S. 905 (1971).

The prejudice suffered by the defendants in this case is profound. Obviously, their first line of defense to plaintiff's claim is that she is not Hank's biological daughter. However, the events leading up to her birth took place in 1952. Thus, even if plaintiff proceeded promptly during the middle to late 1970's, the defendants would confront the obstacles of fading memories and lost proof. This problem is grossly exacerbated by plaintiff's decision to forgo pursuing a connection with Hank's legacy during the 1970's, only to turn around in the 1980's and stake a claim to his estate. As noted earlier, in the years since plaintiff first knew of her possible relationship with Hank, individuals with personal knowledge of relevant events have died. In the forefront of these individuals is Bobbie Jett, who died in California during 1974. Her testimony, either in person or preserved in a deposition, would be most important evidence in the case. Moreover, those individuals who would be available to testify have recollections of the pertinent events that have faded and become less reliable over time. This fact is very clear when one reads the depositions submitted by plaintiff in support of her motion for partial summary judgment.

The defendants have also suffered undue prejudice in that they have entered financial and business transactions during the period of plaintiff's inertia based on the belief that Hank Williams, Jr. was Hank's only child. FRMI, Milene and their trustees made warranties on the copyrights when they sold their interest. ARO and MOM purchased the assets of FRMI and Milene, and the relevant copyrights, before learning of plaintiff's allegations. Moreover, all of the defendants who realized income

derived from the exploitation of the copyrights paid income taxes based on those proceeds. These defendants now face a situation where, if plaintiff prevailed, they would lose the money paid in taxes that was based on a share of the copyright royalties that was above the accurate amount, or face the daunting and costly task of seeking to recover these monies from the federal treasury.

It is important to note that the event which spurred plaintiff to action in December, 1981 was a conversation with Mr. Deupree that lacked any startling new revelation. He merely told her that she could be Hank's daughter, that he regretted certain actions he had taken during the 1960's and that he would assist plaintiff in discovering whether Hank was her biological father. After the conversation, Mr. Deupree sent plaintiff some articles and certain names, but did not provide plaintiff with materials that would not have been available to her had she diligently pursued the issue in the mid-1970's.

Laches is not a doctrine concerned merely with the passage of time. Rather, laches also addresses the changes in conditions and relationships which are intertwined with the lawsuit over that passage of time. *See Galliher v. Cadwell*, 145 U.S. 368, 373 (1892); *Lingenfelter v. Keystone Consolidated Industries, Inc.*, 691 F.2d 339, 340 (7th Cir. 1982) (per curiam). Many transactions have taken place, human memories have faded and several key people have died since plaintiff first knew that Hank Williams, Sr. might be her father. Plaintiff was an adult and made a conscious choice during the 1970's; it would be unfair to the defendants to permit plaintiff to reap the benefits of her recent change of heart.

CONCLUSION

The defendant's motion for summary judgment is granted and the complaint is hereby dismissed. The case is to be removed from the active docket of this Court.

SO ORDERED.

Dated: New York, New York
September 6, 1988

/s/ John F. Keenan
JOHN F. KEENAN
U.S.D.J.

APPENDIX F-1

Supreme Court of the United States

No.

A-453

Hank Williams, Jr., et al.,

Petitioners

v.

Cathy Yvonne Stone

ORDER

UPON CONSIDERATION of the application of counsel for the petitioner,

IT IS ORDERED that the time for filing a petition for a writ of certiorari in the above-entitled case, be and the same is hereby, extended to and including January 31st, 1992~~.~~3.

/s/ Clarence Thomas
Associate Justice of the
Supreme Court of the
United States

Dated this 4th
day of December, 1992.
